

**UTIMCO BOARD OF DIRECTORS
ANNUAL MEETING AGENDA
April 20, 2017**

UTIMCO
401 Congress Avenue, Suite 2800
Austin, Texas

Time		Item #	Agenda Item
Begin	End		
			OPEN MEETING:
10:00 a.m.	10:05 a.m.	1	Call to Order of the Annual Meeting/Discussion and Appropriate Action Related to Minutes of the February 7, 2017 Meeting*
10:05 a.m.	10:15 a.m.	2	Discussion and Appropriate Action Related to Corporate Resolutions: - Election of UTIMCO Officers* - Committee Assignments*,**
10:15 a.m.	11:00 a.m.	3	Endowment and Operating Funds Update Report
11:00 a.m.	12:30 p.m.	4	Draft Policy Portfolio Discussion
12:30 p.m.	1:00 p.m.		Lunch
1:00 p.m.	1:30 p.m.	5	Update on Legislative Session
1:30 p.m.	1:50 p.m.	6	FY 2017 Liquidity Review
1:50 p.m.	2:10 p.m.	7	Portfolio Fee Analysis
2:10 p.m.	2:20 p.m.	8	Report from Policy Committee - Discussion and Appropriate Action Related to the Amendments to the Articles of Incorporation and Bylaws of The University of Texas Investment Management Company Related to the Legal Name of the Corporation*,**
2:20 p.m.	2:25 p.m.	9	Report from Audit and Ethics Committee
2:25 p.m.	2:30 p.m.	10	Report from Risk Committee
2:30 p.m.	2:40 p.m.	11	Discussion and Appropriate Action Related to Employee's Service as a Director on an UTIMCO Investee Company*
2:40 p.m.	2:55 p.m.	12	UTIMCO Organization Update
2:55 p.m.			Adjourn

* Action by resolution required

** Resolution requires further approval from the Board of Regents of The University of Texas System

By: The University of Texas Investment Management Company

Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

Next Scheduled Meeting: July 25, 2017
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RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the Meeting of the Board of Directors held on **February 7, 2017**, be, and are hereby, approved.

**MINUTES OF MEETING
OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") convened in an open meeting on **February 7, 2017**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Jeffery D. Hildebrand, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded and broadcast over the Internet. Participating in the meeting were the following members of the Board:

Jeffery D. Hildebrand
Phil Adams
Kyle Bass
David J. Beck
R. Stephen Hicks
H. Lee S. Hobson
Ray Nixon
Ray Rothrock

thus constituting a majority and quorum of the Board. William H. McRaven, Vice Chairman for Policy did not attend the meeting. Employees of the Corporation attending the meeting were Mark Warner, Interim CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Russ Kampfe, Managing Director - Fixed Income; Susan Chen, Managing Director – MCC, Technology & Deal Legal; Uzi Yoeli, Managing Director – Risk Management; Ryan Ruebsahm, Managing Director – LCC; Richard Rincon, Director - Emerging Markets; Courtney Powers, Senior Director - LCC; Pat Pace, Senior Director – Healthcare and Lower/MiddleMarkets; Drury Morris, Senior Associate – LCC; Mukund Joshi, Senior Associate – Real Estate; Jim Pappas, Senior Analyst – Natural Resources and Emerging Markets; Andres Delgado, Analyst – MCC; Anna Sandvik, Office Associate; Tara Hamilton, ITC – Real Estate, and other staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner and Bob Jewell of Andrews Kurth Kenyon LLP; Randa Safady, Allen Hah, Roger Starkey, Terry Hull, Mike Peppers, Eric Polonski and Jenny LaCoste-Caputo of UT System; David Rejino of Texas A&M University System; and Jill Shaw and Kevin Carlow of Cambridge Associates. Chairman Hildebrand called the meeting to order at 11:03 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Approval of Minutes

The first item to come before the Board was approval of the Minutes of the Board of Directors Meeting held on December 1, 2016. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the minutes of the Meeting of the Board of Directors held on
December 1, 2016, be, and are hereby, approved.

Endowment and Operating Funds Update

Chairman Hildebrand asked Mr. Warner to present the Corporation's endowment and operating funds update. Mr. Warner provided Assets Under Management as of November 30, 2016, reporting that the Corporation had \$37.3 billion of assets under management: \$18.3 billion in the Permanent University Fund ("PUF"), \$8.6 billion in the General Endowment Fund ("GEF"), \$1.6 billion in the Short Term Fund ("STF"), \$0.2 billion in the Separately Invested Funds, \$0.7 billion in the Debt Proceeds Fund, and \$7.9 billion in the Intermediate Term Fund ("ITF"). Mr. Warner then discussed preliminary endowment performance, noting that the portfolio was up 1.77% in the General Endowment Fund, and 1.53% in the Permanent University Fund. He also presented returns, returns vs. market, active management value add, and market performance. Mr. Warner then discussed Up-Down Capture vs. U.S. and World Equities.

Mr. Warner asked colleagues to discuss each investment strategy in more detail. Mr. Kampfe discussed the current Investment Grade Fixed Income Portfolio. Director Bass shared with the Board a recap of the recent conversations he and the Staff had about this portfolio and complimented the team on their work around this discussion and indicated there may be additional future discussions with Staff on the portfolio. Following the Fixed Income discussion, Mr. Joshi, Ms. Chen, Mr. Ruebsahm, Mr. Powers, Mr. Morris, Mr. Pace, and Mr. Rincon discussed and reported on their respective portfolios. Mr. Joshi noted that MCC Real Estate is no longer in the policy portfolio and will likely be fully liquidated no later than the end of FY 2017. Mr. Warner noted that MCC-Natural Resources is being combined into the broader MCC-Developed Country Equity policy portfolio. Mr. Warner gave an update on the private investments portfolio and asked Dr. Yoeli to report on the different risk scenarios. Mr. Warner and the Investment Staff answered the Directors' questions.

At approximately 1:02 p.m. the Board recessed for lunch.

The meeting of the Board reconvened in open session at approximately 1:31 p.m.

Audit and Ethics Committee Report

Chairman Hildebrand asked Mr. Beck to provide a report on behalf of the Audit and Ethics Committee. Mr. Beck reported that the Committee met via teleconference on January 31, 2017. At the meeting, the Committee approved the minutes from their previous meeting, approved the Deloitte & Touche LLP's Audit Results and Communications and the audited financial statements for the Corporation for the year ended August 31, 2016, and the Committee approved and submitted its recommendation regarding a change to the incentive award opportunities for the Corporate Counsel and Chief Compliance Officer for the fiscal year 2017, effective September 1, 2016. Routine matters of the Committee were also considered, including an update on UTIMCO's compliance, reporting and audit matters, including the quarterly compliance summary, the quarterly report on the institutional compliance program, and an update on the FY17 action plan. Mr. Beck reported that Ms. Gonzalez notified the Committee about a compliance violation for the quarter ended November 30, 2016, related to a derivative trade by an external manager under an agency agreement. Mr. Beck stated that the Committee heard a report from Mr. Peppers and Mr. Polonski of UT System on the results of the calendar year ended 2015 Travel and Entertainment audit for the CEO and selected Staff. Finally the Committee heard a report from Mr. Cowley of Deloitte and Touche LLP on the Financial Statement Audit Results and Communications for the Corporation. Mr. Beck then requested approval, on behalf of the Audit and Ethics Committee, of a resolution related to the audits of the Corporation for Fiscal Year 2016. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications for the Corporation for the year ended August 31, 2016, be, and is hereby approved in the form as presented to the Board; and further

RESOLVED, that the annual financial statements and audit report for the Corporation for the fiscal years ended August 31, 2016, and August 31, 2015, be, and are hereby approved in the form as presented to the Board.

Policy Committee Report

Chairman Hildebrand asked Mr. Hicks to provide a report from the Policy Committee. Mr. Hicks reported that the Committee convened via teleconference in a joint meeting with the Risk Committee, followed by a separate meeting, on January 31, 2017. At the separate meeting, the Policy Committee approved the minutes from the April 26, 2016 meeting and the minutes of the Joint Meeting of the Policy and Risk Committee on July 12, 2016. During the Joint Committee meeting the Committee considered the proposed amendments to the Private Investments benchmark and the Investment Policy Statements of the PUF, GEF, the Long Term Fund ("LTF"), and the Permanent Health Fund ("PHF"). The Committee did not take action on the proposed amendments. Chairman Hildebrand then asked Mr. Warner to briefly present Staff's recommendation regarding the change to the Private Investments Benchmark. Mr. Warner and Ms. Shaw of Cambridge Associates answered the Directors' questions. The Board deferred action on the resolution.

Risk Committee Report

Chairman Hildebrand asked Mr. Bass to provide a report from the Risk Committee. Mr. Bass reported that the Risk Committee met via teleconference jointly with the Policy Committee, and separately on January 31, 2017. During the Joint meeting the Committee listened to presentations on proposed amendments to the Private Investments benchmark and the Investment Policy Statements. The Committee did not take action on the proposed amendments. At the separate meeting the Committee considered two action items, the approval of minutes from the November 17, 2016 meeting and approval of seven (7) new mandate categorizations prepared by Staff for the period beginning November 8, 2016 and ending January 20, 2017. The Committee also discussed a prior compliance violation by Staff with regard to trading authorization. Routine matters before the Committee included a report from the Corporate Counsel and Chief Compliance Officer on compliance matters for the quarter ended November 30, 2016. Mr. Bass further stated that the Committee heard a report on a compliance violation related to a derivatives trade by an external manager under an agency agreement. Mr. Bass explained that Staff formally requested, and was granted, a waiver from the Board of Directors' Chairman. In addition, the external manager in question also held positions with a counterparty whose credit rating did not meet our requirement of an A- rating or above. Mr. Warner updated the Committee to confirm that those positions were liquidated. There were no action items related to the Risk Committee.

Executive Session

Chairman Hildebrand announced that, "The Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session to consider

individual personnel compensation and evaluation matters, pursuant to Section 551.074, *Texas Government Code*. The date is February 7, 2017, and the time is now 1:50 p.m.” With the exception of Mr. Turner, Mr. Jewell, and Mr. Warner, all other meeting participants left the meeting. Mr. Warner left the meeting during discussions regarding his evaluation and compensation matters.

Reconvene in Open Session

The Board reconvened in open session and Chairman Hildebrand announced that, “The Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is February 7, 2017, and the time is now 2:30 p.m. During the Executive Session, the Board deliberated individual personnel compensation and evaluation matters, but no action was taken nor decisions made, and no vote was called for or had by the Board in Executive Session.”

Compensation Committee Report

Chairman Hildebrand asked Mr. Hobson, Chairman of the Compensation Committee, to provide a report on the Committee’s meeting. Mr. Hobson stated that the Compensation Committee met via teleconference on February 1, 2017. The Committee considered six action items at this meeting, three of which required further approval by the Board. The minutes from the November 17, 2016, November 28, 2016, and December 1, 2016 meetings were approved. The Committee then met in Executive Session to consider individual personnel compensation matters. Following the Executive Session the Committee approved the designation of four new employees as participants in the UTIMCO Compensation Program. The Committee further approved the qualitative performance goals for those new plan participants. The Committee then approved the UTIMCO Peer Group for the plan, effective September 1, 2016. The Committee discussed and approved action related to Appendix C of the UTIMCO Compensation Program as it related to the incentive award opportunities for certain individuals, effective September 1, 2016. The Committee then discussed the selection of a compensation consultant, but deferred action on this item until a later meeting. Mr. Hobson then requested approval, on behalf of the Compensation Committee, for three resolutions. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

WHEREAS, Section 5.3.(a) of the UTIMCO Compensation Program (the “Plan”) provides that, in order to become a “Participant” in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the “Board”) as an “Eligible Position” for that Performance Period and (2) selected by the Board as a Participant for that Performance Period; and

WHEREAS, the Compensation Committee of the Board has recommended the following individuals, Will Mirshak (Senior Associate – Investments), James Pappas (Senior Analyst – Investments), Andres Delgado (Analyst – Investments), and James Ricker (Analyst – Investments), as Participants in the Plan for the Performance Period ended August 31, 2017; and

WHEREAS, the UTIMCO Board wishes to select Will Mirshak (Senior Associate – Investments), James Pappas (Senior Analyst – Investments), Andres Delgado

(Analyst – Investments), and James Ricker (Analyst – Investments) as Participants for the 2016/2017 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that Will Mirshak (Senior Associate – Investments), James Pappas (Senior Analyst – Investments), Andres Delgado (Analyst – Investments), and James Ricker (Analyst – Investments) are hereby designated as “Participants” in the Plan for the Performance Period ended August 31, 2017, effective as of January 23, 2017, December 30, 2016, January 17, 2017, and February 21, 2017, respectively.

And

WHEREAS, Section 8.24. of the UTIMCO Compensation Program (the “Plan”) provides that the “Peer Group” will be updated from time to time as deemed appropriate by the Board, and Appendix B (UTIMCO Peer Group) will be amended accordingly; and

WHEREAS, Section 7.2. of the Plan provides that the Board has the right to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Board has reviewed the Appendix B and it conforms to the updated Peer Group as defined in the Plan.

NOW, THEREFORE, be it:

RESOLVED, that the updated and amended Appendix B (UTIMCO Peer Group), a copy of which is attached hereto, is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of September 1, 2016.

And

WHEREAS, Section 7.2. of the UTIMCO Compensation Program (the “Plan”) provides that UTIMCO, by action of its Board of Directors (the “Board”), has the right in its discretion to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Plan requires Table 1 to be revised, as necessary, for subsequent Performance Periods to set forth any changes or additions to the Eligible Positions, the weightings for the Eligible Positions, the Incentive Award Opportunities, and any Applicable Deferral Percentage for each Eligible Position, for that Performance Period as soon as administratively practicable after confirmation of such Eligible Positions by the Board for such Performance Period and to be attached as Appendix C to the Plan; and

WHEREAS, the Board has reviewed the revised Table 1 and approves the amendments as recommended by the Compensation Committee.

NOW, THEREFORE, be it:

RESOLVED, the updated and amended Table 1, a copy of which is attached hereto, is hereby adopted and approved to replace the current Appendix C, effective as of September 1, 2016.

UTIMCO Organization Update

Chairman Hildebrand asked Mr. Warner to provide the Board with an update on the organization. Mr. Warner discussed the current organization chart and gave a recruiting update on new positions at the Corporation. New staff members Jim Pappas, Andres Delgado, Anna Sandvik, and Tara Hamilton introduced themselves to the Board. Mr. Warner then reported on the 1st Quarter Corporate budget vs. actual, and provided an update on UTIMCO's Mission, Vision, and Values. Mr. Warner and Ms. Moeller answered the Directors' questions.

Corporate Resolutions

Chairman Hildebrand recommended Board approval of the resolution to designate the Annual Meeting of the UTIMCO Board of Directors. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the Annual Meeting of the Board of Directors will be held on April 20, 2017, in Austin, Texas.

Chairman Hildebrand read and recommended for approval a resolution of appreciation honoring Bruce Zimmerman for his nine years of service as the Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

WHEREAS, due to his substantial background and expertise in global investing, Bruce Zimmerman was hired by The University of Texas Investment Management Company in July 2007, to serve as Chief Executive Officer and Chief Investment Officer for the investment of the funds under the fiduciary care of the Board of Regents of The University of Texas System, for the benefit of The University of Texas System, The Texas A&M University System, and the citizens of the State of Texas; and

WHEREAS, as the Chief Executive Officer and Chief Investment Officer, Mr. Zimmerman provided invaluable insight and direction to the staff and Board of Directors, through his development of investment strategy, drafting and amendment of various investment policies, establishment of annual budgets, directing the investment teams, administration of all personnel and staff matters; administration of matters pertaining to the management of the Intermediate Term Fund and maintenance of relationships with the Chief Business Officers at each of the institutions; leadership in all the UTIMCO Committee and Board of Directors Meetings; analysis and reporting on the investment portfolio to the Board of Regents, and cultivation of relationships with members of the legislature and various constituents; and

WHEREAS, Mr. Zimmerman's leadership, commitment, and service as Chief Executive Officer and Chief Investment Officer were exemplary, reflecting his dedication to the success of The University of Texas Investment Management Company and The University of Texas System for the benefit of and education and development of students at all levels.

NOW, THEREFORE,

BE IT RESOLVED, that the Directors of The University of Texas Investment Management Company, do hereby express to Bruce Zimmerman their sincerest appreciation for his leadership, commitment, and service during his nine years as Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company; and

BE IT FURTHER RESOLVED, that all persons who read this Resolution should know that Mr. Zimmerman has made a lasting and fundamental contribution to The University of Texas Investment Management Company, to the benefit of all of the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

PASSED AND ADOPTED this 7th day of February, 2017.

Employee's Service as a Director on an UTIMCO Investee Company

Chairman Hildebrand asked Mr. Warner to explain his recommendation for Richard Rincon, Director – Emerging Markets, to serve as a Manager of the Board of Managers for Grupo Los Grobo LLC. Mr. Rincon would begin service on March 14, 2017 and would serve for so long as the Board of Regents of The University of Texas System retains at least 50% of its original investment in the LLC. For his service Mr. Rincon would be reimbursed his expenses incurred in attending the meetings but no additional compensation. Mr. Warner explained that, before an employee may serve as a director of a company in which the Corporation has directly invested its assets, the UTIMCO Code of Ethics requires the employee to obtain Board approval. Board approval must be conditioned on the extension of UTIMCO's Directors and Officers Insurance Policy coverage to the Employee's service as Director of the investee company. UTIMCO's Directors and Officers Insurance Policy coverage has been extended to cover Mr. Rincon's service as a director. Mr. Warner answered the Directors' questions. Upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that the Board of Directors hereby approves Richard Rincon's service as a Manager of the Board of Managers for Grupo Los Grobo LLC.

FURTHER RESOLVED, that this board service on an UTIMCO investee company will meet all requirements of the Code of Ethics for the Corporation applicable to board service on an UTIMCO investee company.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at approximately 2:49 p.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
Jeffery D. Hildebrand
Chairman, Board of Directors of
The University of Texas Investment Management Company

Appendix B

UTIMCO Peer Group

- Brown University
- Columbia University
- Cornell University
- Dartmouth College
- Duke University
- Emory University
- Harvard University
- John Hopkins University
- Massachusetts Institute of Technology
- New York University
- Northwestern University
- Princeton University
- Rice University
- Stanford University
- UNC Management Company
- University of California
- University of Chicago
- University of Michigan
- University of Notre Dame
- University of Pennsylvania
- University of Southern California
- University of Virginia Investment Management Company
- Vanderbilt University
- Washington University in St. Louis
- Yale University

Source: UTIMCO Staff. Represents endowment funds (excluding the Total Endowment Assets) with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, all to be determined as of the last day of each year ended June 2014, 2015, 2016.

Appendix C, Table 1
Eligible Positions, Weightings, Incentive Award Opportunities, and Percentage of Award Deferred for each Eligible Position
(for the Performance Periods Beginning After August 31, 2016)

Eligible Position	Weighting						Percentage of Award Deferred
	Entity	Qualitative		Incentive Award Opportunity (% of Salary)			
		(Individual)	< Threshold	Threshold	Target	Maximum	
<i>Investment Professionals</i>							
CEO & Chief Investment Officer	80%	20%	0%	0%	200%	450%	50%
Senior Managing Director - Investments	70%	30%	0%	0%	120%	300%	45%
Managing Director - Investments	65%	35%	0%	0%	100%	250%	40%
Managing Director - Fixed Income	65%	35%	0%	0%	80%	200%	40%
Managing Director - Risk Management	65%	35%	0%	0%	70%	135%	40%
Senior Director - Investments	60%	40%	0%	0%	70%	185%	35%
Director - Investments	50%	50%	0%	0%	65%	175%	30%
Director - Risk Management	50%	50%	0%	0%	35%	80%	30%
Senior Associate - Investments	40%	60%	0%	0%	60%	155%	20%
Senior Associate - Risk Management	40%	60%	0%	0%	45%	140%	20%
Associate - Investments	35%	65%	0%	0%	50%	145%	15%
Associate - Risk Management	35%	65%	0%	0%	35%	120%	15%
Senior Analyst - Investments	30%	70%	0%	0%	40%	110%	0%
Analyst - Investments	20%	80%	0%	0%	30%	75%	0%
Analyst - Risk Management	20%	80%	0%	0%	25%	75%	0%
Senior Investment Counsel	50%	50%	0%	0%	40%	80%	25%
<i>Support and Control Professionals</i>							
Senior Managing Director	20%	80%	0%	0%	50%	90%	40%
Chief Technology Officer	20%	80%	0%	0%	30%	70%	30%
Corporate Counsel & Chief Compliance Officer	0%	100%	0%	0%	30%	70%	30%
Senior Manager	20%	80%	0%	0%	30%	60%	25%
Manager	20%	80%	0%	0%	30%	60%	25%
Senior Financial Analyst	20%	80%	0%	0%	15%	35%	20%
Mgr, Infrastructure and CISO	20%	80%	0%	0%	25%	50%	20%
Mgr, Development	20%	80%	0%	0%	25%	50%	20%
Business Analyst and Document System Manager	20%	80%	0%	0%	25%	50%	20%

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: Discussion and Appropriate Action Related to Corporate Resolutions:
- Election of UTIMCO Officers
- Committee Assignments

Developed By: Warner, Gonzalez, Moeller

Presented By: Hildebrand

Type of Item: Action required by UTIMCO Board; Further action required by The University of Texas System Board of Regents related to the appointment of the Audit and Ethics Committee

Description: Chairman Hildebrand will present a recommendation for the Corporate Officers. As stated in the Bylaws, a purpose of the Annual Meeting is to elect Officers for the ensuing year. Employees that are designated as Officers by the UTIMCO Board meet the definition of Key Employees in the Corporation's Code of Ethics.

Chairman Hildebrand will propose new Board committee assignments. If a change is made in the composition of the Audit and Ethics Committee, Section 66.08 of the *Texas Government Code* requires that the U. T. System Board of Regents approve the appointment of the members of the Audit and Ethics Committee of the UTIMCO Board.

Recommendation: Chairman Hildebrand will recommend approval of the election of Corporate Officers and approval of committee assignments.

Reference: None

RESOLUTION RELATED TO CORPORATION OFFICERS

RESOLVED, that the following persons are hereby appointed to the respective office or offices of the Corporation set forth opposite their names, to serve until the next Annual Meeting of the Corporation or until their resignation or removal.

<u>Name</u>	<u>Office or Offices</u>
_____	Chairman
_____	Vice-Chairman
William H. McRaven	Vice-Chairman for Policy
Mark Warner	Interim Chief Executive Officer and Chief Investment Officer
Joan Moeller	Senior Managing Director, Treasurer and Secretary
Ryan Ruebsahm	Managing Director
Susan Chen	Managing Director
Russ Kampfe	Managing Director
Uzi Yoeli	Managing Director
Uche Abalogu	Chief Technology Officer
Joanna Barrett	Assistant Secretary

RESOLUTION RELATED TO COMMITTEE ASSIGNMENTS

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Audit and Ethics Committee of the Board of Directors:

subject to approval by the Board of Regents of The University of Texas System at a future meeting, to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that _____ is hereby designated the Chair of the Audit and Ethics Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Compensation Committee of the Board of Directors:

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that _____ is hereby designated the Chair of the Compensation Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Risk Committee of the Board of Directors:

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that _____ is hereby designated the Chair of the Risk Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Policy Committee of the Board of Directors:

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that _____ is hereby designated the Chair of the Policy Committee and shall preside at its meetings.



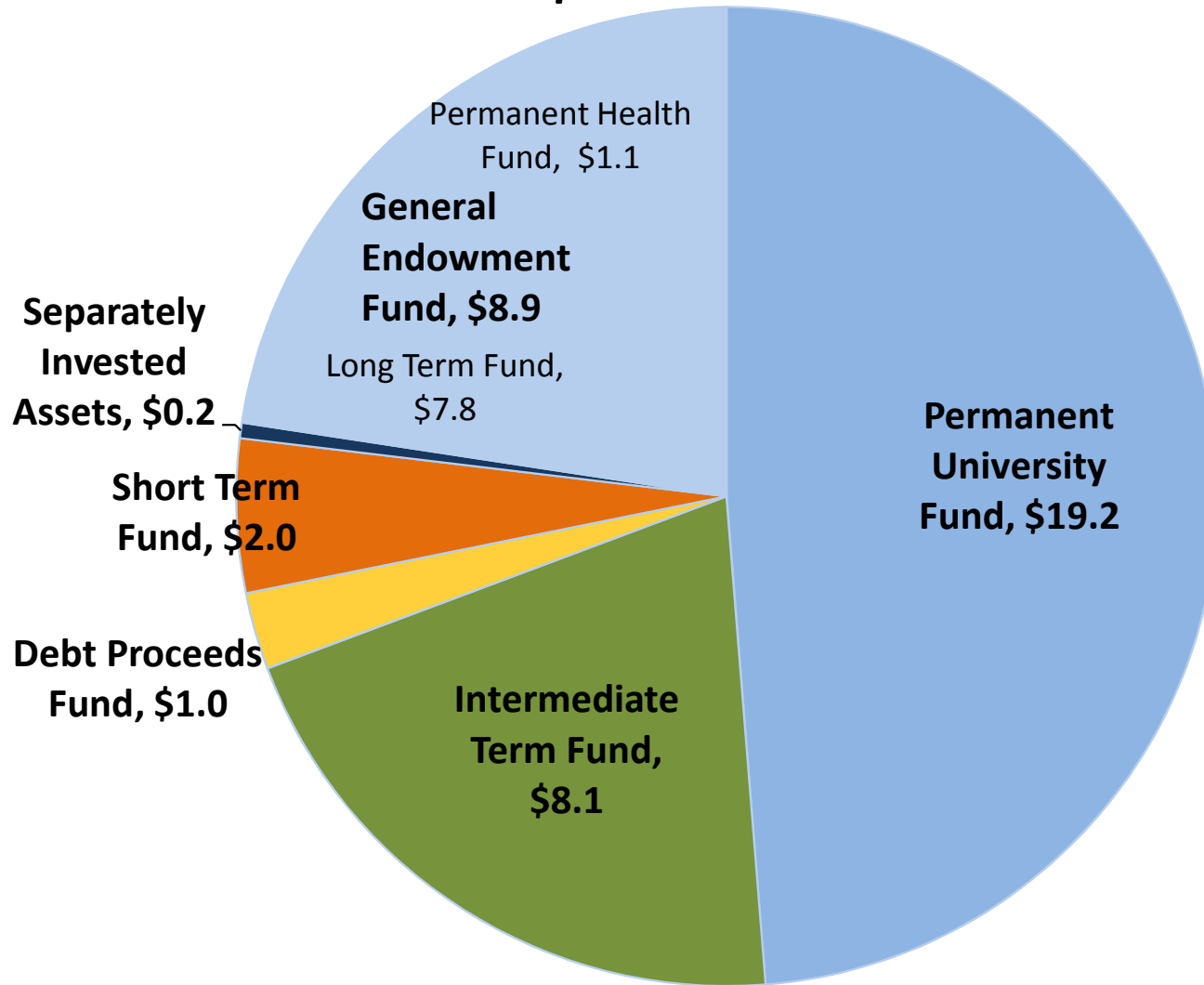
Endowment and Operating Funds
Update Report
April 20, 2017

UTIMCO Assets Under Management

February 28, 2017



\$39.4 Billion



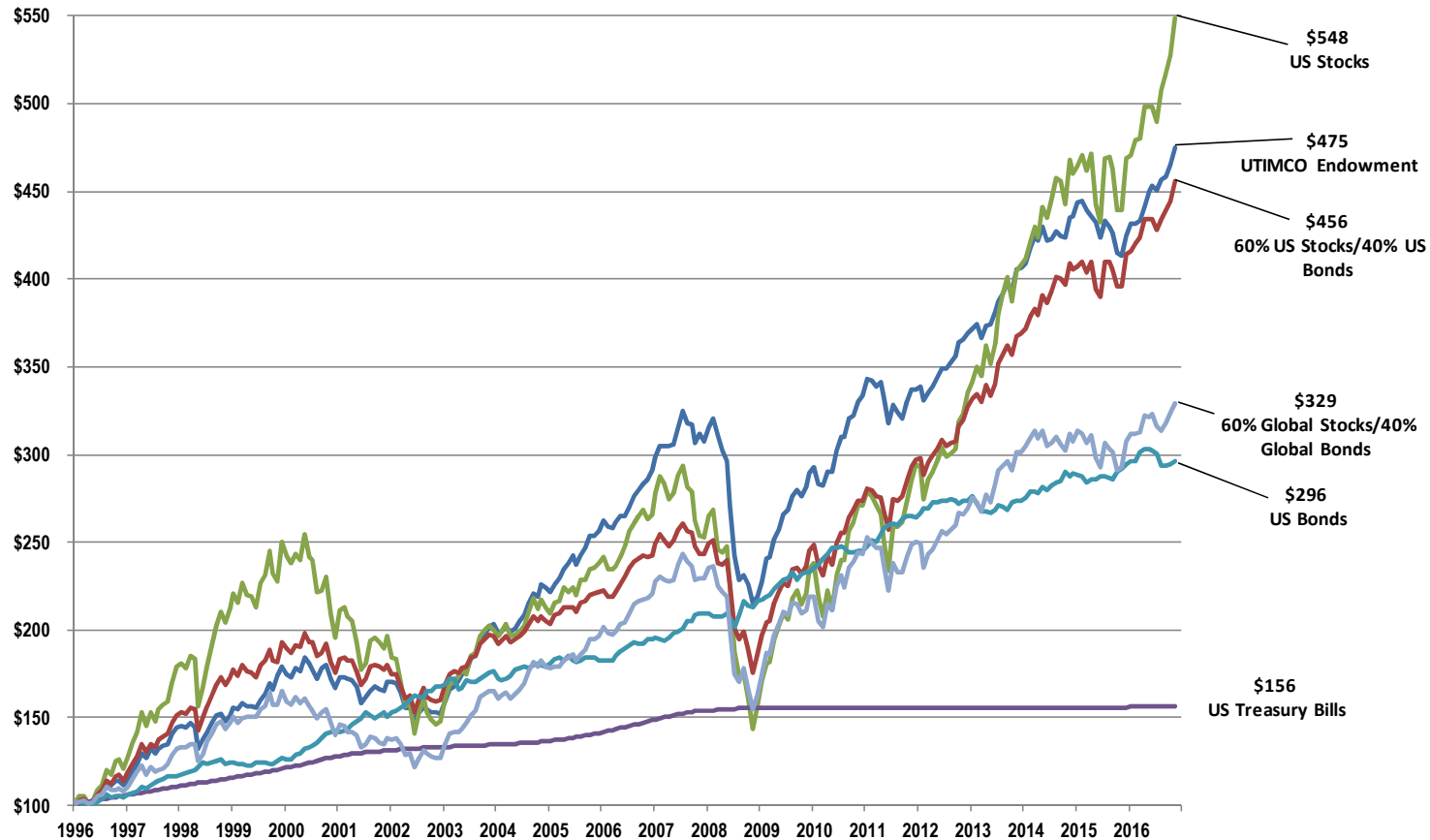
Performance Summary

Periods Ending February 28, 2017



	Fiscal YTD Six Months Ended	One Year	Three Years	Five Years	Seven Years	Ten Years
Endowments						
General Endowment Fund	5.81%	15.11%	5.57%	7.25%	7.88%	5.31%
Permanent University Fund	5.62%	14.72%	5.34%	7.08%	7.74%	5.20%
Policy Portfolio Returns	4.01%	11.38%	4.13%	5.59%	6.43%	3.37%
GEF Actual vs. Policy	1.80%	3.73%	1.44%	1.66%	1.45%	1.94%
PUF Actual vs. Policy	1.61%	3.34%	1.21%	1.49%	1.31%	1.83%
CPI + 5%	3.64%	7.87%	6.30%	6.43%	6.76%	6.90%
GEF Actual vs. CPI + 5%	2.17%	7.24%	-0.73%	0.82%	1.12%	-1.59%
PUF Actual vs. CPI + 5%	1.98%	6.85%	-0.96%	0.65%	0.98%	-1.70%
60% Global Stocks/ 40% Global Bonds	2.50%	12.65%	3.04%	5.78%	6.53%	4.21%
GEF Actual vs. Global 60/40	3.31%	2.45%	2.53%	1.46%	1.34%	1.11%
PUF Actual vs. Global 60/40	3.12%	2.07%	2.30%	1.29%	1.20%	1.00%
60% US Stocks/ 40% US Bonds	5.03%	15.10%	7.52%	9.31%	9.83%	6.58%
GEF Actual vs. US 60/40	0.78%	0.01%	-1.95%	-2.06%	-1.96%	-1.27%
PUF Actual vs. US 60/40	0.59%	-0.37%	-2.18%	-2.23%	-2.10%	-1.38%
Sharpe Ratio		4.49	1.11	1.53	1.35	0.55
Information Ratio		1.53	0.56	0.70	0.57	0.76

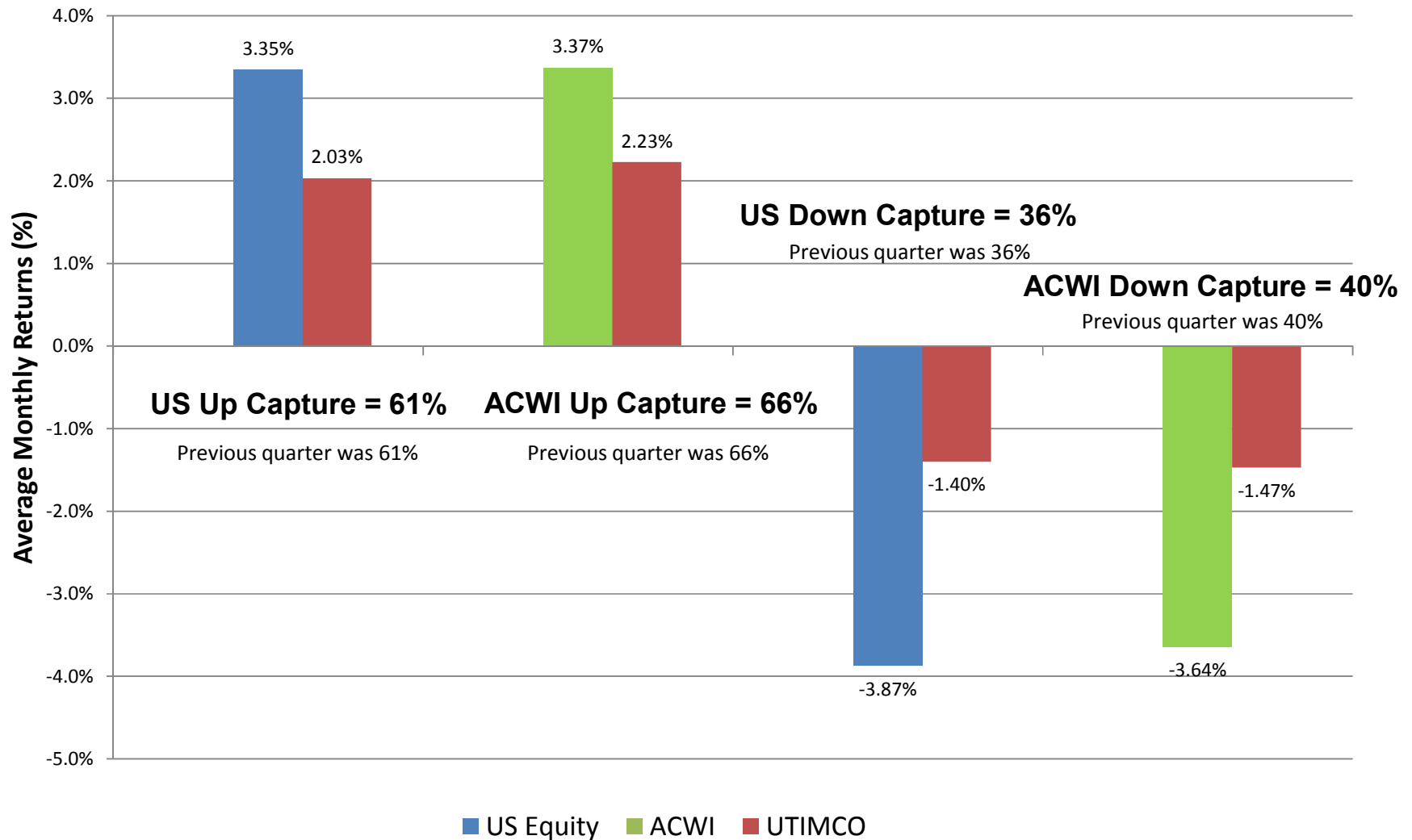
Returns vs. Market



Trailing Annualized Returns Periods Ending February 28, 2017

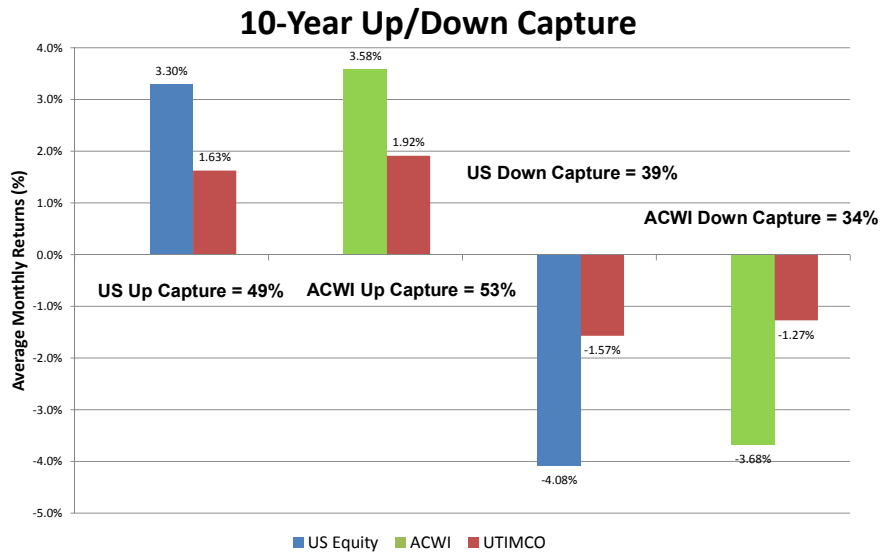
	Six Months	One Year	Three Years	Five Years	Seven Years	Ten Years	Since March 31, 1996
UT Endowments	5.66%	14.81%	5.38%	7.10%	7.75%	5.20%	7.70%
60% US Stocks / 40% US Bonds	5.03%	15.10%	7.52%	9.31%	9.83%	6.58%	7.49%
60% Global Stocks / 40% Global Bonds	2.50%	12.65%	3.04%	5.78%	6.53%	4.21%	5.84%
US Stocks	10.01%	24.98%	10.63%	14.01%	13.87%	7.62%	8.44%
US Bonds	-2.19%	1.42%	2.64%	2.24%	3.47%	4.28%	5.31%
Treasury Bills	0.16%	0.32%	0.13%	0.11%	0.10%	0.59%	2.15%

Up-Down Capture vs U.S. & World Equities

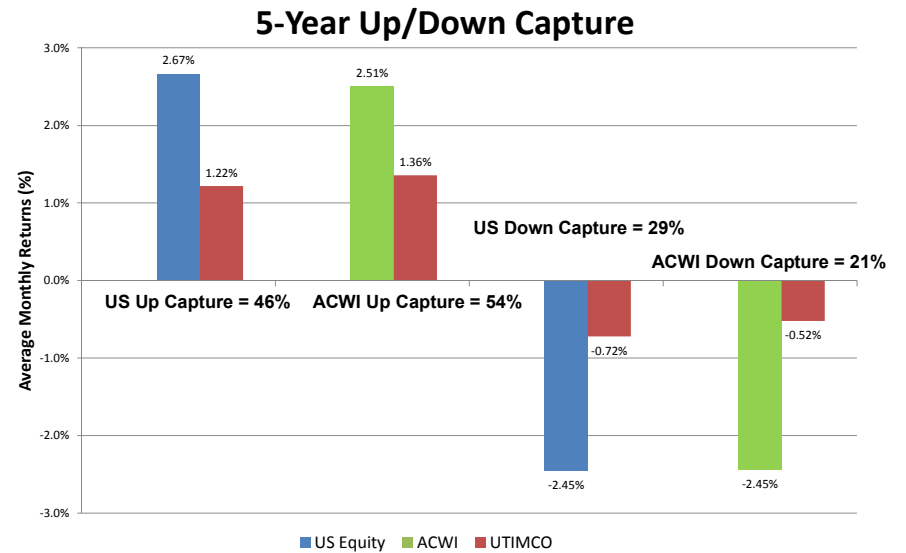


Data from 8/1996 till 2/2017. US equity had 96 down months and 151 up months; ACWI had 102 down months and 145 up months

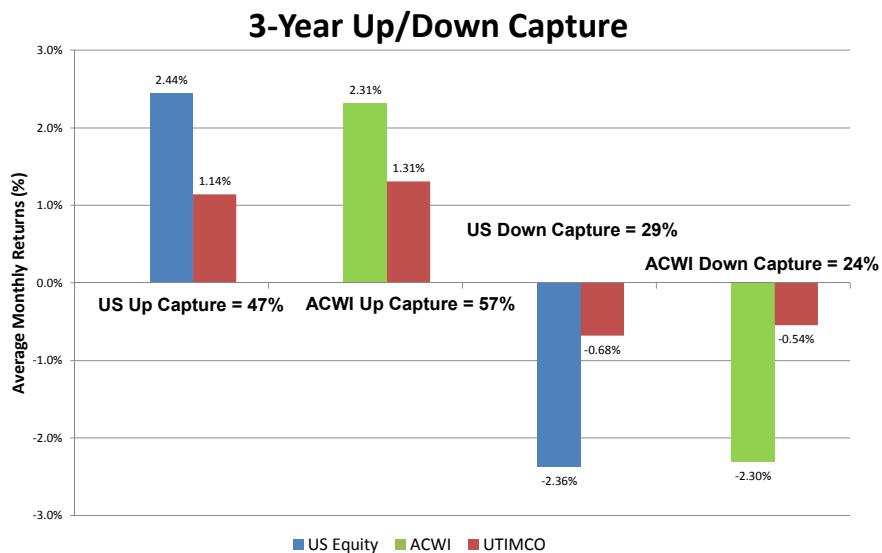
Up-Down Capture in Recent Times



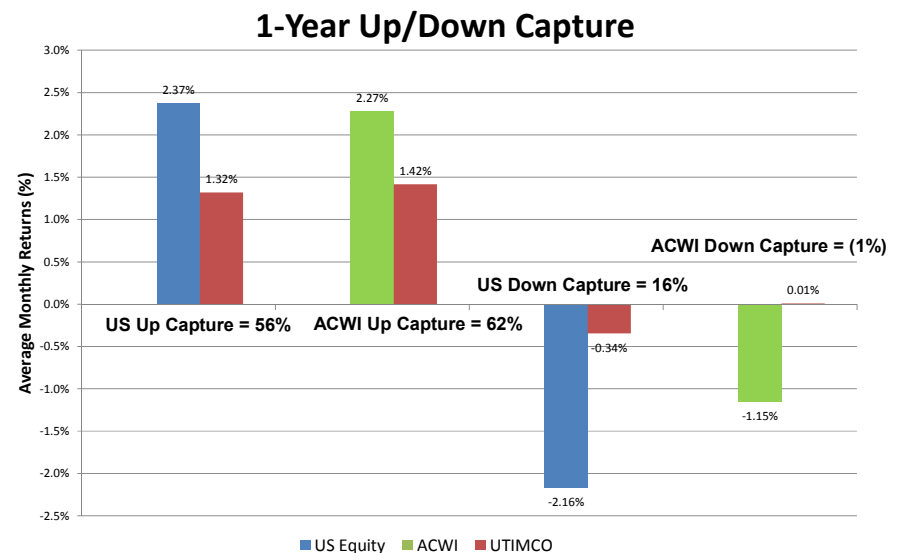
Data from 3/2007 till 2/2017. US equity had 43 down months and 77 up months; ACWI had 54 down months and 66 up months



Data from 3/2012 till 2/2017. US equity had 18 down months and 42 up months; ACWI had 23 down months and 37 up months



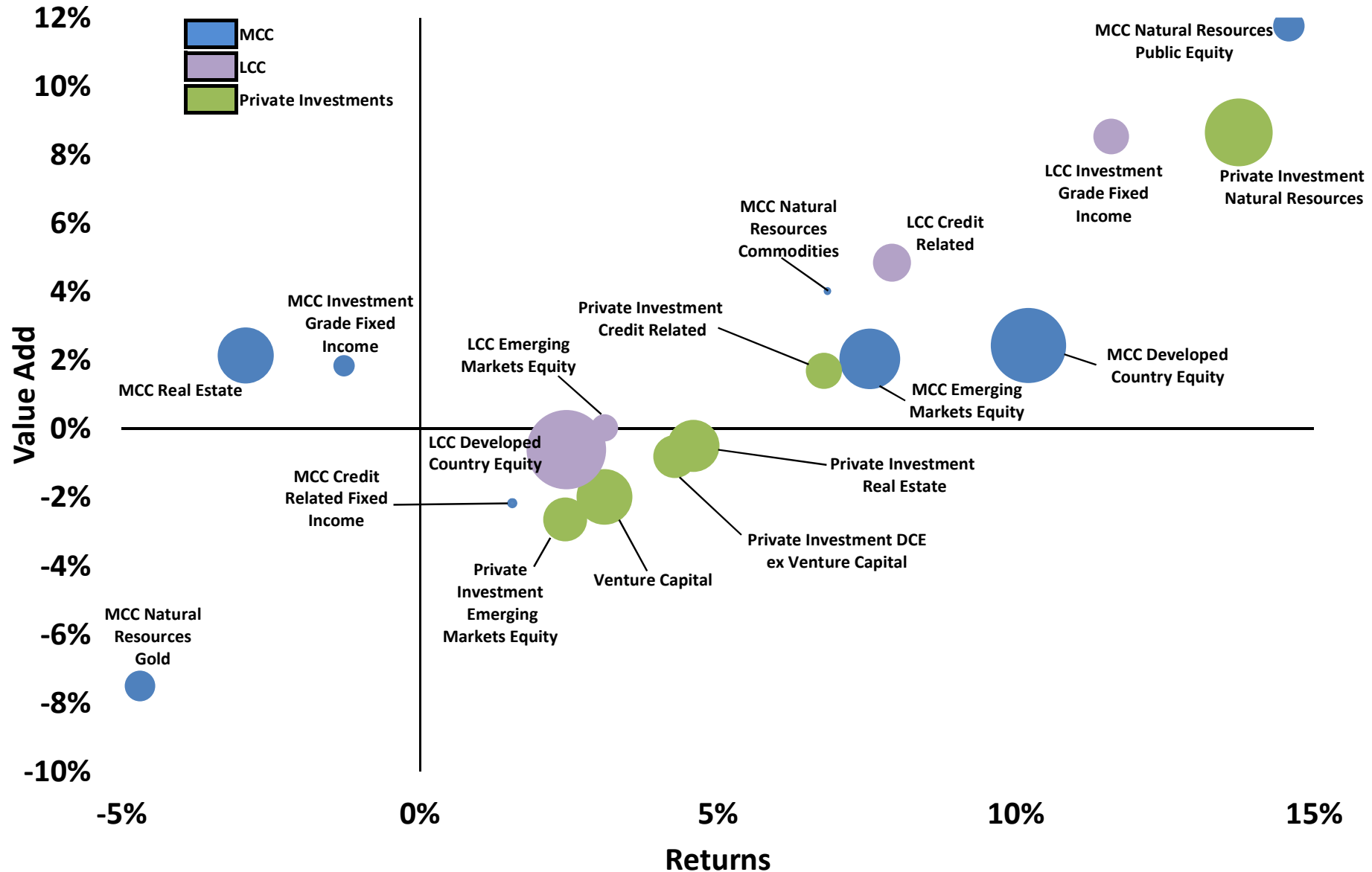
Data from 3/2014 till 2/2017. US equity had 12 down months and 24 up months; ACWI had 15 down months and 21 up months



Data from 3/2016 till 2/2017. US equity had 1 down months and 11 up months; ACWI had 2 down months and 10 up months

Returns and Value Add

Six Months Ended February 28, 2017



Endowment Returns and Ratios

Periods Ending February 28, 2017



Endowments	Net Asset Value (in millions)	Weighted Endowment Returns									1 year			3 year			5 year			10 year			
		6 months	vs. Bench	1 year	vs. Bench	3 year	vs. Bench	5 year	vs. Bench	10 year	vs. Bench	Standard Deviation	Sharpe Ratio	Info Ratio	Standard Deviation	Sharpe Ratio	Info Ratio	Standard Deviation	Sharpe Ratio	Info Ratio	Standard Deviation	Sharpe Ratio	Info Ratio
More Correlated and Constrained																							
Fixed Income																							
Investment Grade	\$ 2,191	-3.39%	1.67%	0.90%	0.31%	-0.70%	-0.23%	-0.02%	-0.23%	2.61%	-0.73%	5.79%	0.09	0.19	4.04%	(0.21)	(0.13)	3.65%	(0.04)	(0.14)	4.94%	0.38	(0.32)
Credit Related	31	1.55%	-2.17%	19.47%	0.62%	7.56%	3.71%	7.87%	1.33%	N/A	N/A	8.86%	2.15	0.12	7.94%	0.93	0.87	8.48%	0.91	0.30	N/A	N/A	N/A
Real Assets																							
Real Estate	315	-1.27%	1.83%	13.28%	1.04%	1.81%	-4.05%	5.64%	-2.26%	0.35%	-0.11%	11.99%	1.07	0.27	11.82%	0.14	(1.03)	12.00%	0.46	(0.67)	22.01%	(0.02)	(0.03)
Natural Resources ex Gold	729	13.87%	7.29%	48.22%	25.91%	-9.76%	-0.18%	-6.50%	-0.03%	-1.61%	0.74%	19.90%	2.40	2.65	21.60%	(0.46)	(0.02)	18.53%	(0.36)	(0.00)	22.25%	(0.11)	0.13
Equity																							
Developed Markets	3,950	10.21%	2.43%	23.52%	2.25%	6.80%	1.60%	12.49%	3.07%	5.79%	1.73%	8.63%	2.68	0.58	10.93%	0.61	0.42	10.37%	1.19	0.81	15.53%	0.33	0.45
Emerging Markets	2,584	6.63%	1.11%	27.30%	-2.16%	6.21%	4.85%	4.12%	4.50%	3.74%	0.88%	11.83%	2.27	(0.41)	13.85%	0.44	0.90	13.38%	0.30	0.99	21.66%	0.14	0.19
MCC subtotal	9,800	6.16%	2.45%	21.04%	2.78%	2.65%	1.14%	4.79%	1.78%	N/A	N/A	7.49%	2.76	0.89	9.36%	0.27	0.39	8.81%	0.53	0.64	N/A	N/A	N/A
Less Correlated and Constrained																							
Fixed Income																							
Investment Grade	886	11.60%	8.53%	11.45%	4.47%	3.03%	1.54%	2.81%	-0.17%	N/A	N/A	7.56%	1.46	0.54	8.33%	0.34	0.21	7.02%	0.38	(0.03)	N/A	N/A	N/A
Credit Related	1,005	7.92%	4.85%	16.65%	9.68%	3.97%	2.48%	7.88%	4.90%	N/A	N/A	2.06%	7.90	4.76	4.31%	0.88	0.77	4.05%	1.91	1.62	N/A	N/A	N/A
Equity																							
Developed Markets	4,416	2.46%	-0.62%	7.23%	0.26%	1.73%	0.23%	6.71%	3.73%	N/A	N/A	3.39%	2.02	0.11	5.38%	0.29	0.09	5.23%	1.26	1.39	N/A	N/A	N/A
Emerging Markets	515	3.10%	0.02%	11.10%	4.12%	8.46%	6.97%	5.53%	2.54%	N/A	N/A	5.84%	1.83	0.74	6.83%	1.22	1.20	5.91%	0.91	0.47	N/A	N/A	N/A
LCC subtotal	6,822	4.19%	1.11%	9.37%	2.40%	2.57%	1.08%	6.30%	3.32%	5.41%	5.24%	2.30%	3.91	1.78	4.71%	0.51	0.58	4.47%	1.38	1.75	6.19%	0.76	2.22
Private Investments																							
Fixed Income																							
Credit Related	926	6.78%	1.68%	9.93%	3.30%	8.86%	-1.37%	12.19%	-0.22%	N/A	N/A	2.54%	3.76	0.88	2.40%	3.62	(0.24)	2.62%	4.59	(0.05)	N/A	N/A	N/A
Real Assets																							
Real Estate	1,900	4.59%	-0.51%	11.54%	4.92%	15.47%	5.25%	12.49%	0.08%	N/A	N/A	2.66%	4.19	1.45	5.31%	2.88	0.91	6.26%	1.97	0.01	N/A	N/A	N/A
Natural Resources	3,218	13.74%	8.64%	20.43%	13.81%	7.69%	-2.53%	12.97%	0.56%	N/A	N/A	8.27%	2.42	2.34	7.54%	1.00	(0.31)	10.27%	1.25	0.05	N/A	N/A	N/A
Equity																							
Developed Markets	3,473	3.85%	-1.26%	11.92%	5.29%	16.24%	6.02%	16.60%	4.20%	N/A	N/A	11.15%	1.03	0.43	9.67%	1.66	0.64	7.89%	2.09	0.54	N/A	N/A	N/A
Emerging Markets	1,347	2.44%	-2.66%	10.15%	3.52%	6.08%	-4.14%	4.51%	-7.89%	N/A	N/A	3.52%	2.77	0.59	5.42%	1.09	(0.53)	4.76%	0.92	(1.19)	N/A	N/A	N/A
Private Investment subtotal	10,864	6.83%	1.73%	13.69%	7.06%	12.22%	10.22%	13.45%	1.04%	10.50%	0.52%	5.14%	2.59	1.31	4.94%	2.44	0.36	4.31%	3.09	0.22	6.09%	1.60	0.08
Total Before Insurance, Tactical, Hedging Derivatives and Gold	27,486	5.89%	1.88%	15.12%	3.73%	5.54%	1.41%	7.76%	2.20%	5.56%	2.23%	3.25%	4.54	1.54	4.85%	1.12	0.59	4.65%	1.65	0.97	8.21%	0.59	0.94
Insurance, Tactical and Hedging Derivatives Impact on Total Return	-	0.01%	0.01%	0.02%	0.02%	0.05%	0.05%	-0.20%	-0.20%	-0.23%	-0.23%												
Gold Impact on Total Return	653	-0.24%	-0.24%	-0.33%	-0.33%	-0.21%	-0.21%	-0.46%	-0.46%	-0.13%	-0.13%												
Grand Total	\$ 28,139	5.66%	1.64%	14.81%	3.42%	5.38%	1.25%	7.10%	1.54%	5.20%	1.87%	3.22%	4.49	1.53	4.74%	1.11	0.56	4.58%	1.53	0.70	8.16%	0.55	0.76

MCC Performance Recap



Investment Returns as of February 28, 2017

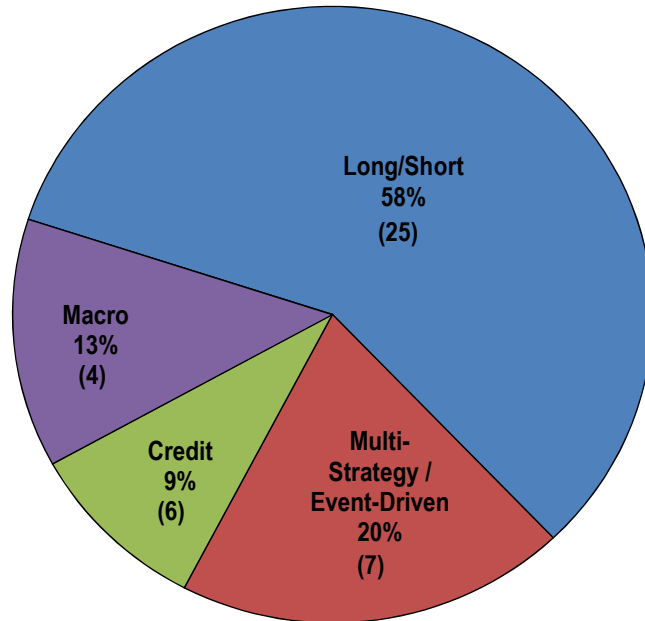
Portfolio	FYTD		1 Year		3 Years		5 Years		7 Years	
	Actual	vs Benchmark	Actual	vs Benchmark	Actual	vs Benchmark	Actual	vs Benchmark	Actual	vs Benchmark
IGFI ex-cash	-3.7%	1.3%	2.5%	1.9%	0.6%	1.0%	1.4%	1.2%	3.4%	1.5%
Real Estate	-1.3%	1.8%	13.3%	1.1%	1.8%	-4.0%	5.7%	-2.2%	7.7%	-1.9%
Gold	-4.7%	0.0%	0.7%	0.0%	-2.0%	0.0%	-6.0%	0.0%	-	-
Commodities	6.8%	0.6%	17.9%	2.0%	-16.1%	-3.1%	-11.8%	-2.0%	-6.3%	-0.6%
NR Public Equity	14.6%	6.7%	55.6%	25.7%	-8.4%	-2.3%	-4.3%	-1.1%	0.1%	-0.6%
MCC-Natural Resources	7.1%	4.2%	28.9%	14.0%	-7.2%	-0.9%	-6.3%	-1.9%	-0.9%	0.1%
Developed Country Equity	10.2%	2.4%	23.5%	2.3%	6.8%	1.6%	12.5%	3.1%	12.4%	3.0%
Emerging Markets Equity	7.6%	2.0%	29.3%	-0.1%	6.9%	5.6%	4.4%	4.8%	6.0%	3.6%
Total MCC, ex-cash	5.9%	2.2%	20.6%	2.3%	2.9%	1.3%	3.8%	0.8%	5.4%	0.5%

Less Correlated & Constrained - Recap



NAV, Investment Returns, and Capital Movement as of February 28, 2017

\$10.4 Billion NAV (42 Partners)



Investment Returns					
	FYTD	1 Year	3 Years	5 Years	7 Years
Actual Return	4.2%	9.4%	2.6%	6.3%	6.3%
General Benchmark Return	<u>3.1%</u>	<u>7.0%</u>	<u>1.5%</u>	<u>3.0%</u>	<u>2.7%</u>
Value Add	1.1%	2.4%	1.1%	3.3%	3.6%
LCC Volatility		2.2%	4.6%	4.4%	4.7%
Benchmark Volatility		1.7%	3.7%	3.6%	4.1%
Sharpe Ratio		4.1	0.5	1.4	1.3
Information Ratio		1.9	0.6	1.8	2.1

Statistics for periods longer than a year are annualized.

Concentration	
Top 10	47%
Top 20	74%
Top 30	91%

Liquidity	
90 days	1 year
18%	52%

Capital Movement (FYTD)	
<u>Subscriptions</u>	
Total	\$531
<u>Redemptions</u>	
Total	(1,062)
Net Activity	<u>(\$531)</u>

Look-Thru Leverage			
	<u>% of Capital</u>	<u>Gross</u>	<u>Net</u>
Core Strategies	92%	168%	59%
FI & FX	8%	853%	-355%
Total LCC	100%	226%	24%

Private Investments Performance Recap

Six Months Ended February 28, 2017



\$ in millions	Beg FY 9/1/16			Calls	Distributions	Change in Valuation	%	FY'17 New Commitments		End 2/28/17	
	NAV	Unfunded	# Funds					# Funds	\$ Committed	NAV	Unfunded
Credit-Related Fixed Income	\$961	\$330	38	\$125	\$223	\$63	6.8%	0	\$25	\$926	\$278
Real Estate	1,707	1,476	61	251	138	80	4.6%	3	211	1,900	1,453
Natural Resources	2,590	1,877	90	324	74	378	13.7%	1	8	3,218	1,570
Venture	1,196	656	67	194	139	40	3.1%	7	217	1,291	720
Other Developed Country Equity	<u>1,985</u>	<u>1,004</u>	<u>97</u>	<u>233</u>	<u>123</u>	<u>87</u>	<u>4.2%</u>	<u>4</u>	<u>164</u>	<u>2,182</u>	<u>958</u>
Total Developed Country Equity	3,181	1,660	164	427	262	127	3.8%	11	381	3,473	1,678
Emerging Markets Equity	<u>1,152</u>	<u>728</u>	<u>37</u>	<u>199</u>	<u>34</u>	<u>30</u>	2.4%	<u>2</u>	<u>60</u>	<u>1,347</u>	<u>591</u>
TOTAL	<u>\$9,591</u>	<u>\$6,071</u>	<u>390</u>	<u>\$1,326</u>	<u>\$731</u>	<u>\$678</u>	6.8%	<u>17</u>	<u>\$685</u>	<u>\$10,864</u>	<u>\$5,570</u>
% of Endowment (PUF+ GEF)	36%	23%								39%	20%

Private Investments - Summary



Investment Returns as of November 30, 2016

	One Year				Three Years				Five Years				Seven Years			
	UTIMCO Weight	UTIMCO Perf.	Benchmark	Value Add	UTIMCO Weight	UTIMCO Perf.	Benchmark	Value Add	UTIMCO Weight	UTIMCO Perf.	Benchmark	Value Add	UTIMCO Weight	UTIMCO Perf.	Benchmark	Value Add
Credit	11%	10.4%	N/A	N/A	14%	9.4%	N/A	N/A	18%	12.7%	N/A	N/A	22%	11.8%	N/A	N/A
Real Estate	17%	11.9%	N/A	N/A	15%	17.9%	N/A	N/A	12%	12.6%	N/A	N/A	10%	11.0%	N/A	N/A
Natural Resources	23%	12.2%	N/A	N/A	21%	6.8%	N/A	N/A	18%	12.7%	N/A	N/A	15%	15.8%	N/A	N/A
Buyout/Growth	22%	23.6%	6.1%	17.5%	24%	15.9%	8.0%	7.9%	27%	15.6%	7.9%	7.6%	30%	13.9%	8.9%	5.1%
Venture	15%	(6.8%)	1.3%	(8.1%)	15%	24.2%	15.5%	8.7%	15%	18.0%	12.5%	5.5%	14%	23.3%	13.5%	9.8%
Emerging Markets	12%	9.6%	6.6%	3.0%	11%	6.1%	10.1%	(4.1%)	10%	4.1%	5.0%	(0.9%)	9%	5.6%	3.0%	2.6%
Total ⁽¹⁾	100%	11.0%	1.1%	9.9%	100%	13.2%	11.4%	1.8%	100%	13.2%	11.3%	1.9%	100%	13.5%	13.6%	(0.1%)

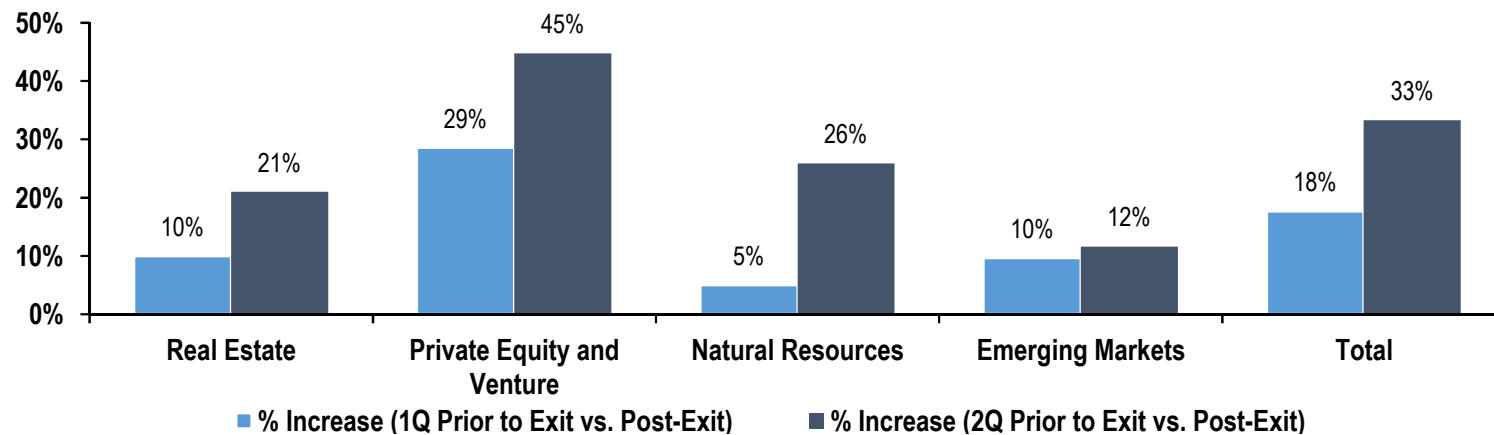
(1) Total benchmark reflects General Benchmark

Gross Valuation Mark-Up at Exit Analysis ⁽¹⁾⁽²⁾⁽³⁾

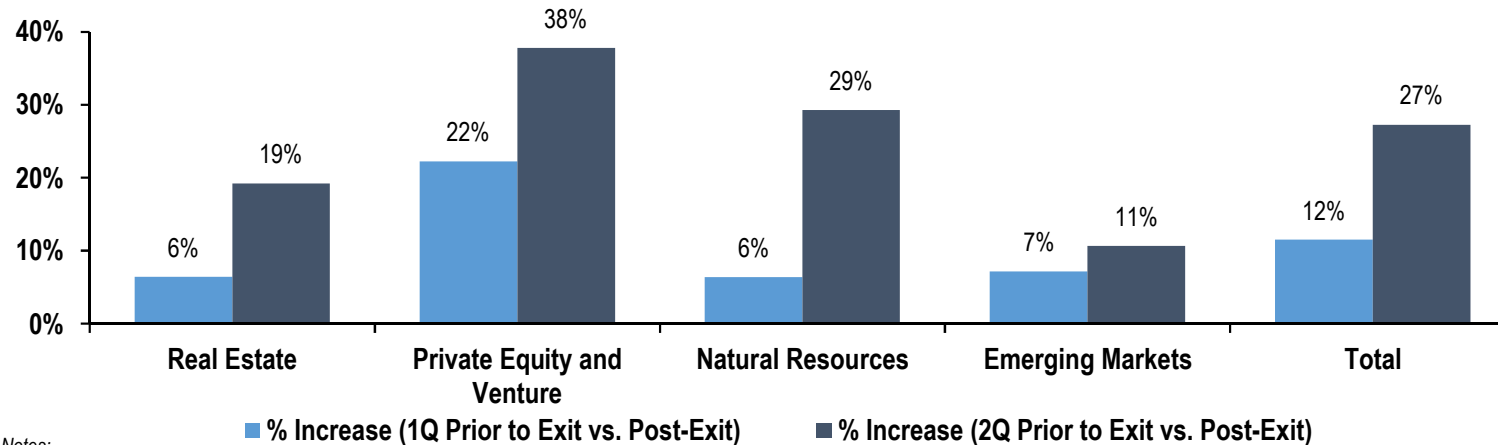


As of December 31, 2016

Batting Average⁽⁴⁾



Weighted Average⁽⁵⁾



Notes:

- (1) All analysis is based upon exits since FY 2012 (representing approximately 75% of total exits during this time period) and calculated based on the date of the liquidity event and not the actual distribution date.
- (2) All analysis completed using gross values (i.e. exit valuation before fees compared to pre-exit valuations before fees)
- (3) Analysis includes all materially realized investments (75% or greater) and IPO's without a subsequent sell-down needed, while excluding exits where the valuation pre-exit (one quarter prior to exit) was 0.2x or lower.
- (4) The Batting Average methodology is the simple average of the percent change in the valuation of a portfolio company.
- (5) The Weighted Average methodology is the weighted average change in the valuation of a portfolio company based on Endowments' invested capital.

Endowment Risk Dashboard

February 28, 2017



Underperformance

<u>FY2017TD</u>	<u>3-years</u>	<u>5-years</u>	<u>10-years</u>
5.7%	5.4%	7.1%	5.2%



Market

	<u>Beta</u>	
<u>U.S. Equity</u>	<u>Rates</u>	<u>Currency</u>
0.767	(0.335)	(0.139)



Scenarios

	<u>China Hard</u>	<u>US Liquidity</u>	<u>Japan</u>	<u>50% Oil</u>
<u>Expected</u>	<u>Landing</u>	<u>Squeeze</u>	<u>Implosion</u>	<u>Drop</u>
Returns:	-22.5%	-20.6%	-16.2%	1.1%



Downside Volatility

	<u>1 stdev</u>	<u>2 stdev</u>
<u>Expected returns</u>	-5.0%	-20.0%
<u>VIX:</u>	12.9%	



Active Management

	1-year	3-years	10-years
<u>Value-Add</u>			
bps	347	129	187
\$	\$844M	\$1,022M	\$4,637M
<u>Return/Volatility</u>			
Sharpe	4.49	1.11	0.55
IR	1.53	0.56	0.76



Transparency

	<u>Full</u>	<u>Full but Lagged</u>	<u>Partial</u>	<u>None</u>
	31%	39%	27%	3%



Concentration

	<u>Manager</u>		<u>Securities (Top 10)</u>	
<u>US</u>	<u>Top 10</u>	<u>Top 20</u>	<u>Bonds</u>	<u>Stocks</u>
54%	23%	40%	5.5%	5.2%



Illiquidity

	<u>90 day liquidity</u>	<u>1 year liquidity</u>	<u>Unfunded Commitments</u>
<u>Endowments</u>	33.5%	54.1%	21.6%
<u>ITF</u>	59.2%	89.2%	



Leverage

	<u>LCC</u>	<u>LCC ex-FI</u>	<u>Endowments</u>
<u>Gross</u>	2.26	1.68	1.00
<u>Net</u>	0.24	0.59	1.00



Permanent Loss of Capital

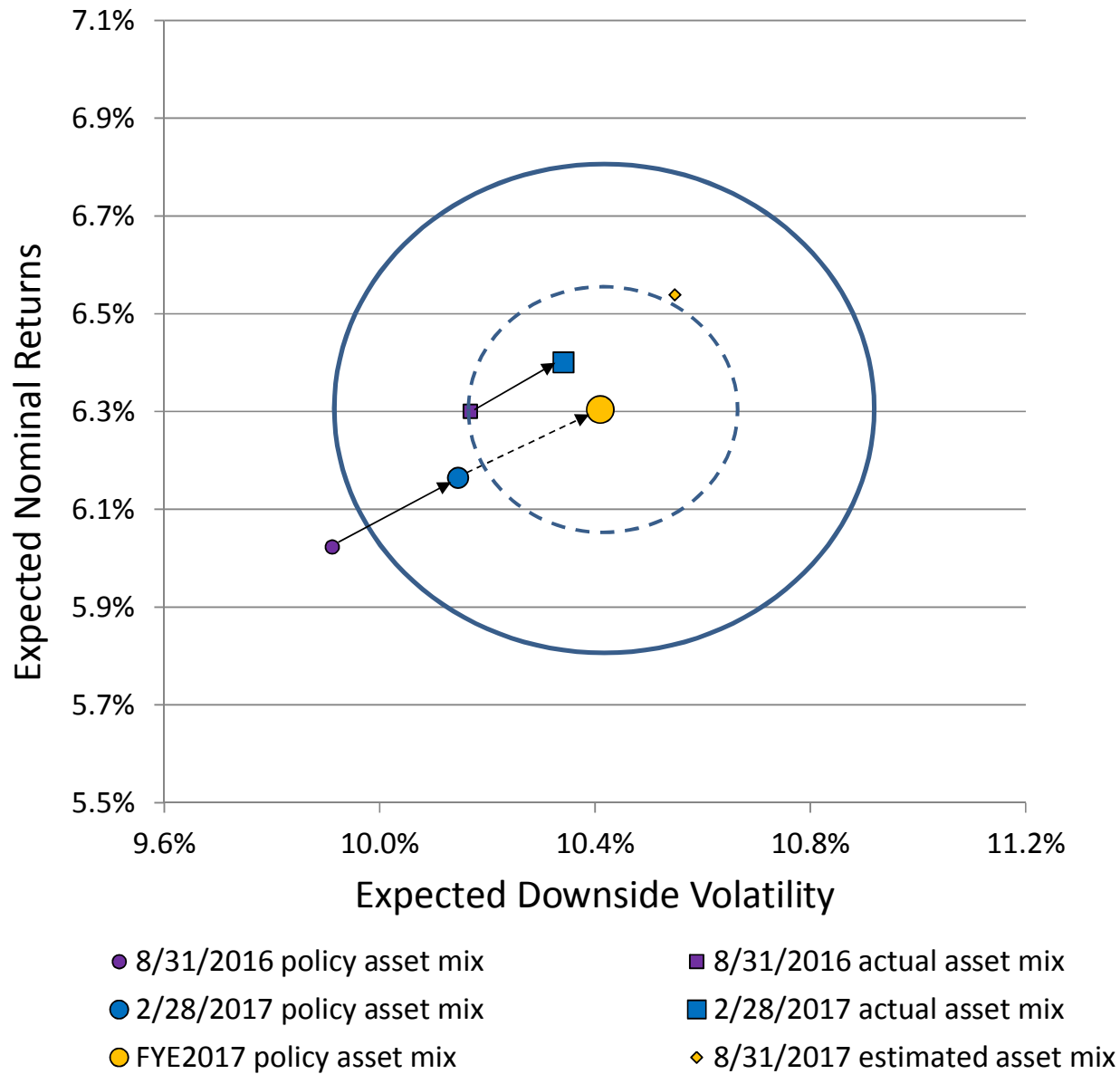
	<u>Invested Capital (\$B)</u>	<u>Realized Loss (\$M)</u>	<u>Anticipated/ Unrealized Loss (\$M)</u>	<u>Total Loss (\$M)</u>	<u>Annualized Loss (%)</u>
<u>MCC</u>	\$33.7	\$622	-	\$622	0.31%
<u>LCC</u>	13.2	240	198	438	0.46%
<u>PI</u>	14.5	327	202	529	0.81%
<u>Total</u>	<u>\$61.4</u>	<u>\$1,189</u>	<u>\$400</u>	<u>\$1,589</u>	<u>0.44%</u>

Scenario Analysis

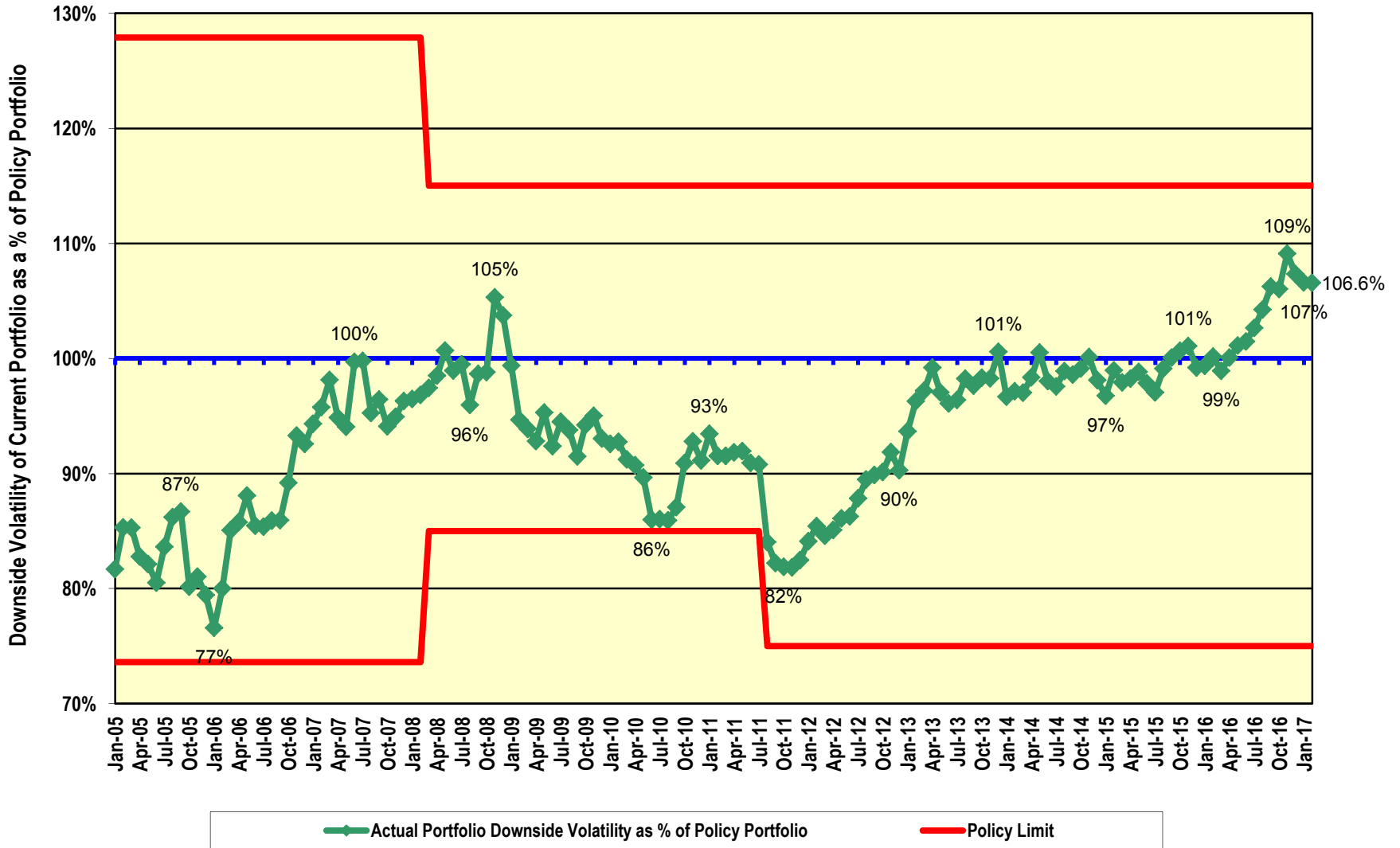


	Scenario							
	China Hard Landing	US Liquidity Squeeze	Eurozone Breakup	Japan Implosion	Currency Debasement	Eurozone Lost Decade	Mideast War / Oil shock	Oil supply shock (50%)
Expected Policy Returns (nominal)	(24.1%)	(23.9%)	(18.7%)	(18.8%)	(16.7%)	(4.4%)	(3.4%)	1.0%
Gain from tactical positions	(0.6%)	1.4%	0.6%	0.0%	1.7%	0.2%	0.8%	(1.0%)
Gain from current hedges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gain from manager's alpha	<u>2.2%</u>	<u>1.9%</u>	<u>2.9%</u>	<u>2.6%</u>	<u>2.0%</u>	<u>2.4%</u>	<u>1.4%</u>	<u>1.1%</u>
Estimated Endowment Returns	<u>(22.5%)</u>	<u>(20.6%)</u>	<u>(15.2%)</u>	<u>(16.2%)</u>	<u>(13.0%)</u>	<u>(1.8%)</u>	<u>(1.2%)</u>	<u>1.1%</u>

Expected Risk and Return

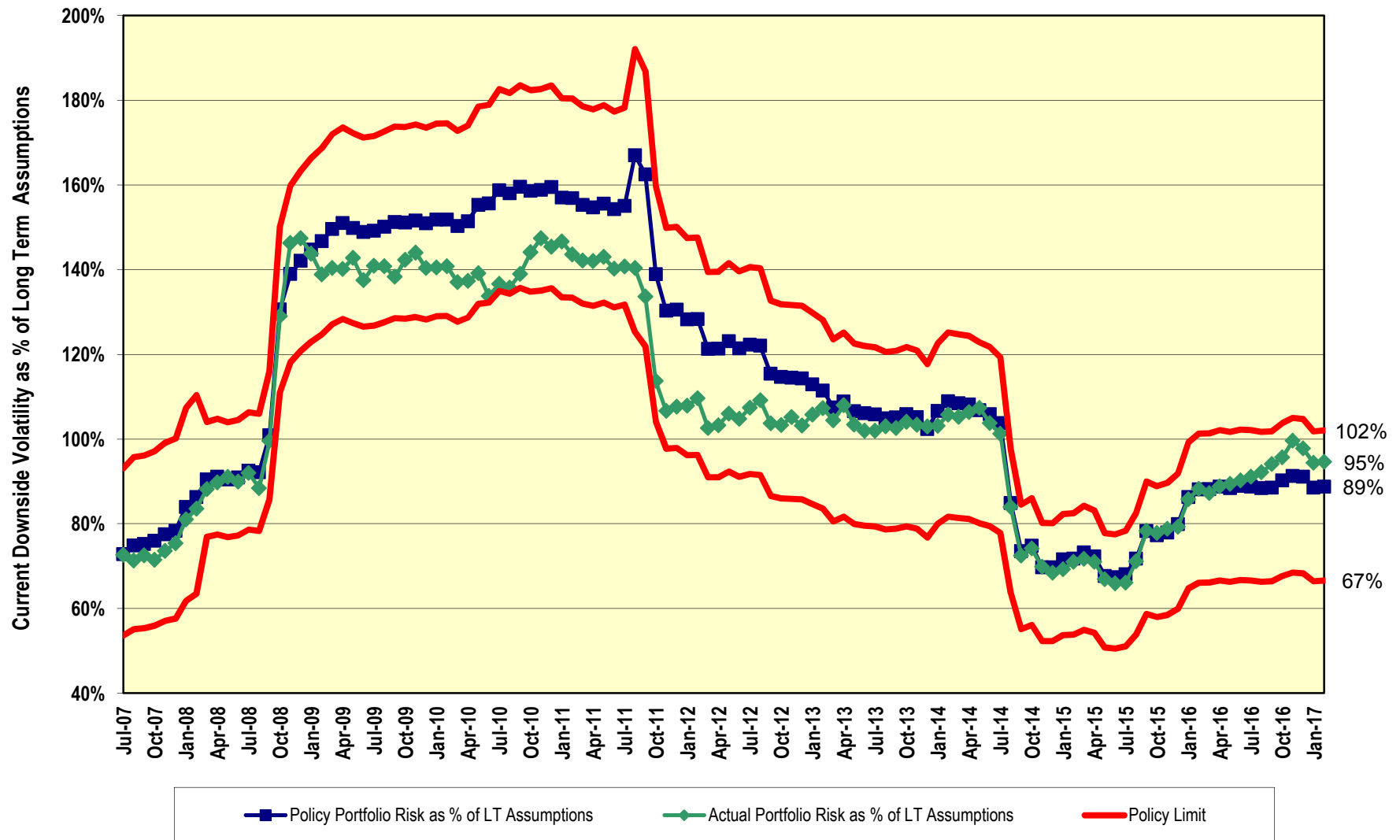


Downside Volatility Utilization of GEF



Current Risk Environment of GEF

(Based on Downside Volatility; LT Assumption = 10.15%)

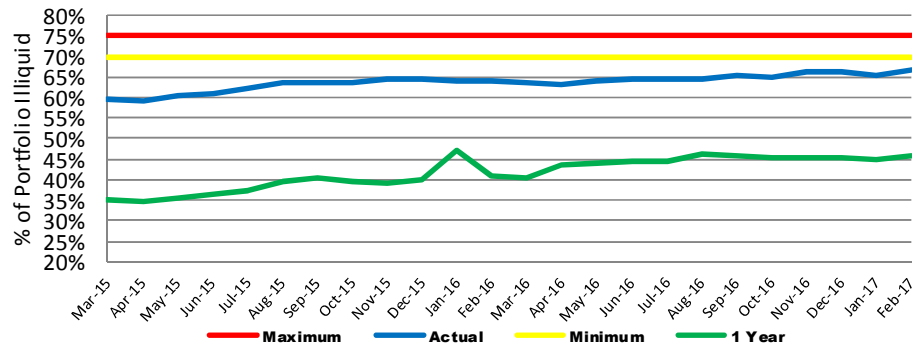


Endowment Fund Liquidity

As of February 28, 2017

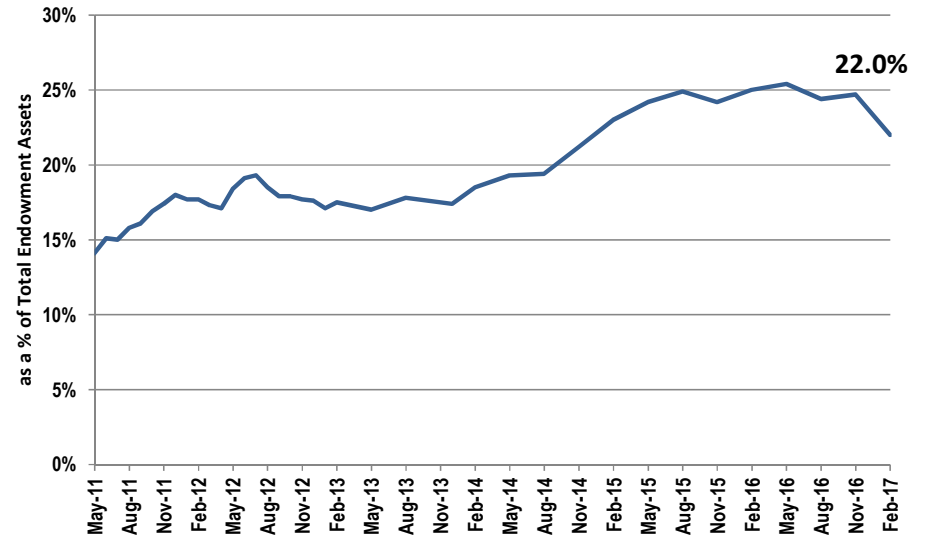


Actual Illiquidity vs. Trigger Zones

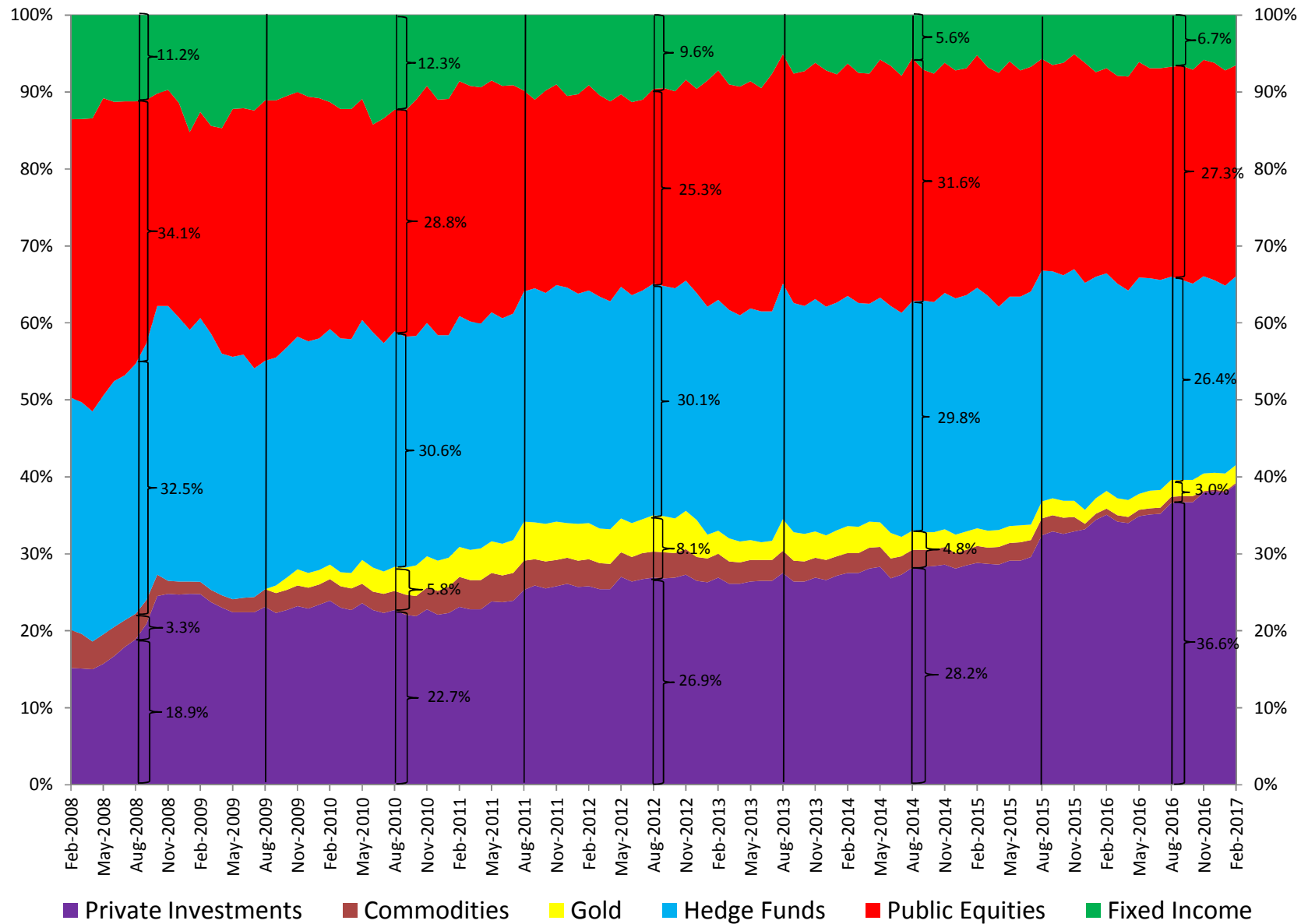


Three Month Liquidity \$ 9,425 million One Year Liquidity \$ 15,214 million

Unfunded Commitments



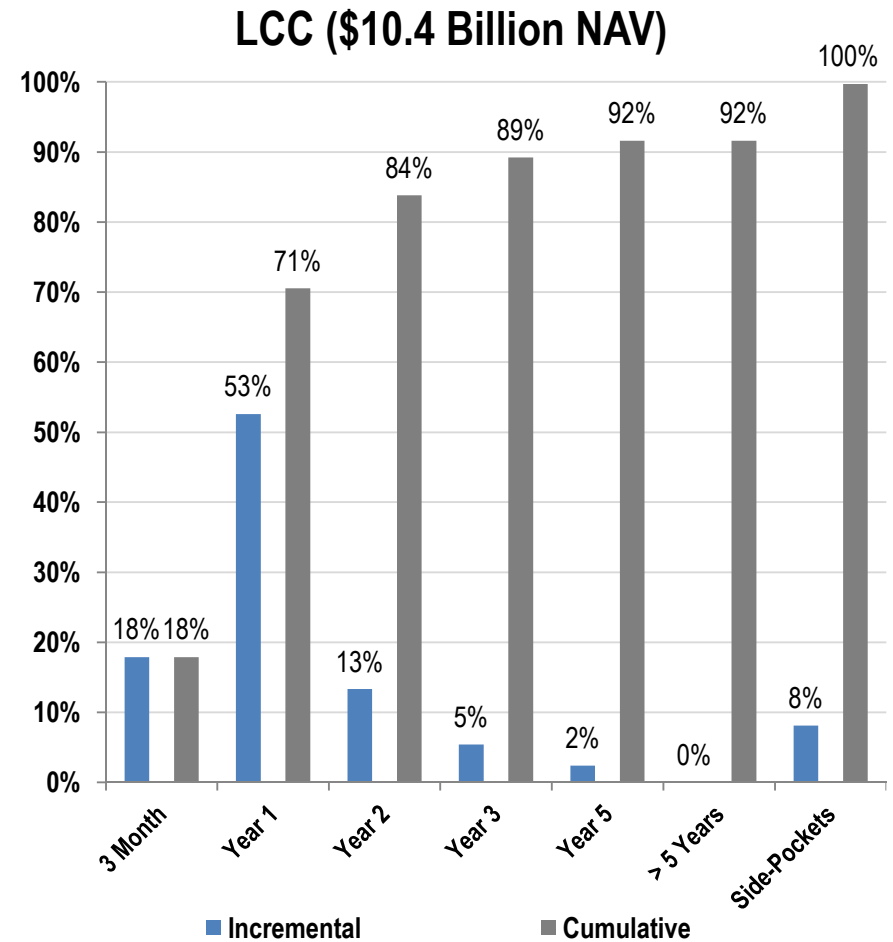
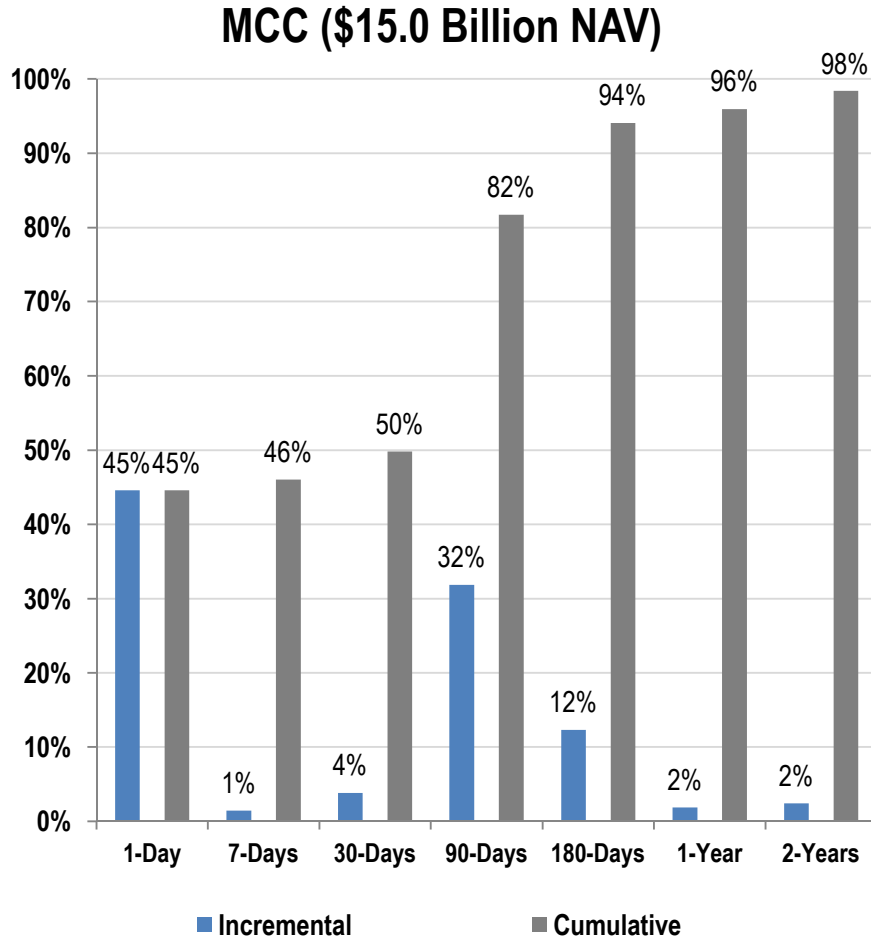
Evolution of Asset Mix



Estimated Run-Off Liquidity*



as of February 28, 2017



*Actual point in time liquidity varies from “smoothed” Policy Liquidity methodology

Current Tactical Allocation

As of February 28, 2017



	Underweight	Overweight	Net Tactical Position
MCC IGFI	-	0.6%	0.6%
LCC	2.5%	-	(2.5%)
PI Credit	0.2%	-	(0.2%)
<u>RE</u>			
MCC	0.1%	-	(0.1%)
Privates	<u>-</u>	<u>0.5%</u>	0.5%
TOTAL	<u>0.1%</u>	<u>0.5%</u>	<u>0.4%</u>
<u>Nat Res</u>			
MCC-NRE	-	1.6%	1.6%
Commodities	1.1%	-	(1.1%)
Gold	0.2%	-	(0.2%)
Privates	<u>-</u>	<u>2.6%</u>	2.6%
TOTAL	<u>1.3%</u>	<u>4.2%</u>	2.9%
<u>DCE</u>			
MCC	2.3%	-	(2.3%)
Privates	<u>-</u>	<u>0.6%</u>	0.6%
TOTAL	<u>2.3%</u>	<u>0.6%</u>	<u>(1.7%)</u>
<u>EM</u>			
MCC	0.5%	-	(0.5%)
Privates	<u>-</u>	<u>1.0%</u>	1.0%
TOTAL	<u>0.5%</u>	<u>1.0%</u>	<u>0.5%</u>
TOTAL	<u>6.9%</u>	<u>6.9%</u>	<u>0.0%</u>

Non-Insurance Related Internal Derivatives

As of February 28, 2017 (in millions)



Manager	Derivative Strategy	Net Notional Value (\$ millions)	Activity from previous report (11/30/2016) (\$ millions)
<u>Developed Country Equity</u>			
Japanese Yen FX Hedges	Sale of Japanese Yen forw ards to hedge the currency exposure in the MCC accounts	(225)	(3)
<u>Emerging Markets Equity</u>			
Chinese Yuan FX Hedges	China Forw ards: Sale of Chinese Yuan forw ards to hedge the currency exposure in the MCC accounts	(405)	(7)

Agency Account Derivatives

As of February 28, 2017 (in millions)



Manager	Derivative Strategy	Net Notional Value (\$ millions)
<u>Investment Grade Fixed Income</u>		
Brandywine	Currency forwards used to hedge foreign currency exposure	289
Colchester	Currency forwards used to hedge foreign currency exposure	1
First International Advisors	Currency forwards used to hedge foreign currency exposure	28
PIMCO Global Bonds	Currency forwards used to underwrite the US dollar	24
	Long US and Non-US futures used to overwrite duration in Eurozone	169
	Long futures used to overwrite front end of US and UK yield curves	292
	Receive Interest rate swaps used to overwrite duration in the Eurozone and underwrite intermediate portion of the Japanese yield curve	364
	Pay Interest rate swaps used to overwrite duration in the Eurozone and underwrite intermediate portion of the Japanese yield curve	(470)
	Interest rate swaps used to overwrite front end of US and UK yield curves	33
	Short/Written credit default swaps used to overwrite credit risk	147
	Long/Purchased credit default swaps used to underwrite credit risk	(21)
	Written options used to increase portfolio yield	(168)
	Purchased options used to increase portfolio yield	433
<u>Natural Resources</u>		
Wellington Commodities SPV	Exchange-traded commodity futures, options and/or swaps	48
<u>Developed Equity</u>		
Albert Bridge	Currency forward contracts for hedging purposes.	(86)
	Contracts for Differences to gain efficient access to certain European markets.	69
	Purchased call options to increase upside exposure and purchased put options to hedge portfolio	12
Cantillon	Currency forward contracts for hedging purposes or to provide efficient investment exposure.	(18)
Eminence	Currency forward contracts for hedging purposes or to provide efficient investment exposure.	(102)
	Purchased options on single name shares	13
International Value Advisors	Currency forward contracts for hedging purposes or to provide efficient investment exposure.	(5)
<u>Non-US Emerging Equity</u>		
Dynamo	Written covered call and put options to increase portfolio income and purchased put options to hedge portfolio	66
Saga Tree	Currency forward contracts for hedging purposes or to provide efficient investment exposure.	(65)

OTC Derivative Counterparty Report

As of February 28, 2017 (in millions)



Counterparty	S & P / Moody Counterparty Rating	\$ millions						
		Mark-to- Market Owed by Broker	Mark-to- Market Owed by UTIMCO	Total Mark- to-Market	(Held)/Posted Collateral	Total Mark- to-Market net of Collateral	Percentage of Total Funds	
GOLDMAN SACHS	A+	\$ 74.4	\$ (76.2)	\$ (1.8)	\$ (1.4)	\$ (3.2)	-0.01%	
BANK OF AMERICA	A-	30.5	(28.9)	1.6	(4.6)	(3.0)	-0.01%	
ROYAL BANK OF SCOTLAND PLC	A-	26.0	(28.3)	(2.3)	-	(2.3)	-0.01%	
CITIBANK NY	A+	19.4	(20.1)	(0.7)	0.8	0.1	0.00%	
BNP PARIBAS	A	11.2	(1.0)	10.2	(10.8)	(0.6)	0.00%	
CANADIAN IMPERIAL BANK OF COMMERCE	A+	9.7	(9.6)	0.1	-	0.1	0.00%	
ROYAL BANK OF CANADA	AA-	6.9	(6.9)	-	-	-	0.00%	
BARCLAYS	A-	5.1	(4.1)	1.0	(1.2)	(0.2)	0.00%	
SOCIETE GENERALE, PARIS	A	5.1	(5.7)	(0.6)	-	(0.6)	0.00%	
MORGAN STANLEY	A-	4.8	(1.5)	3.3	(4.0)	(0.7)	0.00%	
HSBC BK USA, NEW YORK	A	4.8	(3.1)	1.7	(2.3)	(0.6)	0.00%	
CITIBANK NA, LONDON	A+	4.2	(6.1)	(1.9)	-	(1.9)	-0.01%	
BANK OF NEW YORK	A	3.0	(7.8)	(4.8)	-	(4.8)	-0.01%	
UBS A G, ZURICH	A-	2.8	(2.8)	-	-	-	0.00%	
UBS AG, STAMFORD	A-	2.2	(1.5)	0.7	(0.3)	0.4	0.00%	
LCH CLEARNET GROUP LTD, LONDON	A+	1.0	(0.9)	0.1	-	0.1	0.00%	
J P MORGAN, CHASE	A-	0.8	(0.1)	0.7	(0.4)	0.3	0.00%	
MACQUARIE BANK LTD, SYDNEY	A-	0.8	(0.6)	0.2	-	0.2	0.00%	
MERRILL LYNCH	A-	0.6	(0.7)	(0.1)	26.7	26.6	0.07%	
CHICAGO MERCANTILE EXCHANGE	AA-	0.1	(0.3)	(0.2)	-	(0.2)	0.00%	
STANDARD & CHARTERED BK, LONDON	A-	0.1	(0.1)	-	-	-	0.00%	
TORONTO DOMINION BANK	AA-	0.1	-	0.1	-	0.1	0.00%	
MELLON BANK	A	-	(1.8)	(1.8)	-	(1.8)	0.00%	
CREDIT AGRICOLE, LONDON	A	-	-	-	0.1	0.1	0.00%	
CS FIRST BOSTON GBL FOREIGN EXCH	A-	-	-	-	-	-	0.00%	
BARCLAYS CAPITAL, LONDON (BARCGB33)	A-	-	-	-	-	-	0.00%	
CREDIT SUISSE FIRST	A	-	-	-	3.2	3.2	0.01%	
AUSTRALIA & NZ BANK LTD	AA-	-	-	-	-	-	0.00%	
CHASE MANHATTAN	A-	-	-	-	-	-	0.00%	
Grand Total		\$ 213.6	\$ (208.1)	\$ 5.5	\$ 5.8	\$ 11.3	0.03%	

Other Counterparty Exposure - ISDA not required	S & P / Moody Counterparty Rating	\$ millions					
		Mark-to- Market Owed by Broker	Mark-to- Market Owed by UTIMCO	Total Mark- to-Market	(Held)/Posted Collateral	Total Mark- to-Market net of Collateral	Percentage of Total Funds
MORGAN STANLEY	A-	1.2	-	1.2	-	1.2	0.00%
J P MORGAN, CHASE	A-	1.5	-	1.5	-	1.5	0.00%
MERRILL LYNCH	A-	0.4	-	0.4	-	0.4	0.00%
HSBC BK USA, NEW YORK	A-	0.5	-	0.5	-	0.5	0.00%
		\$ 3.6	\$ -	\$ 3.6	\$ -	\$ 3.6	0.01%



ITF

ITF Performance Summary

Periods Ending February 28, 2017

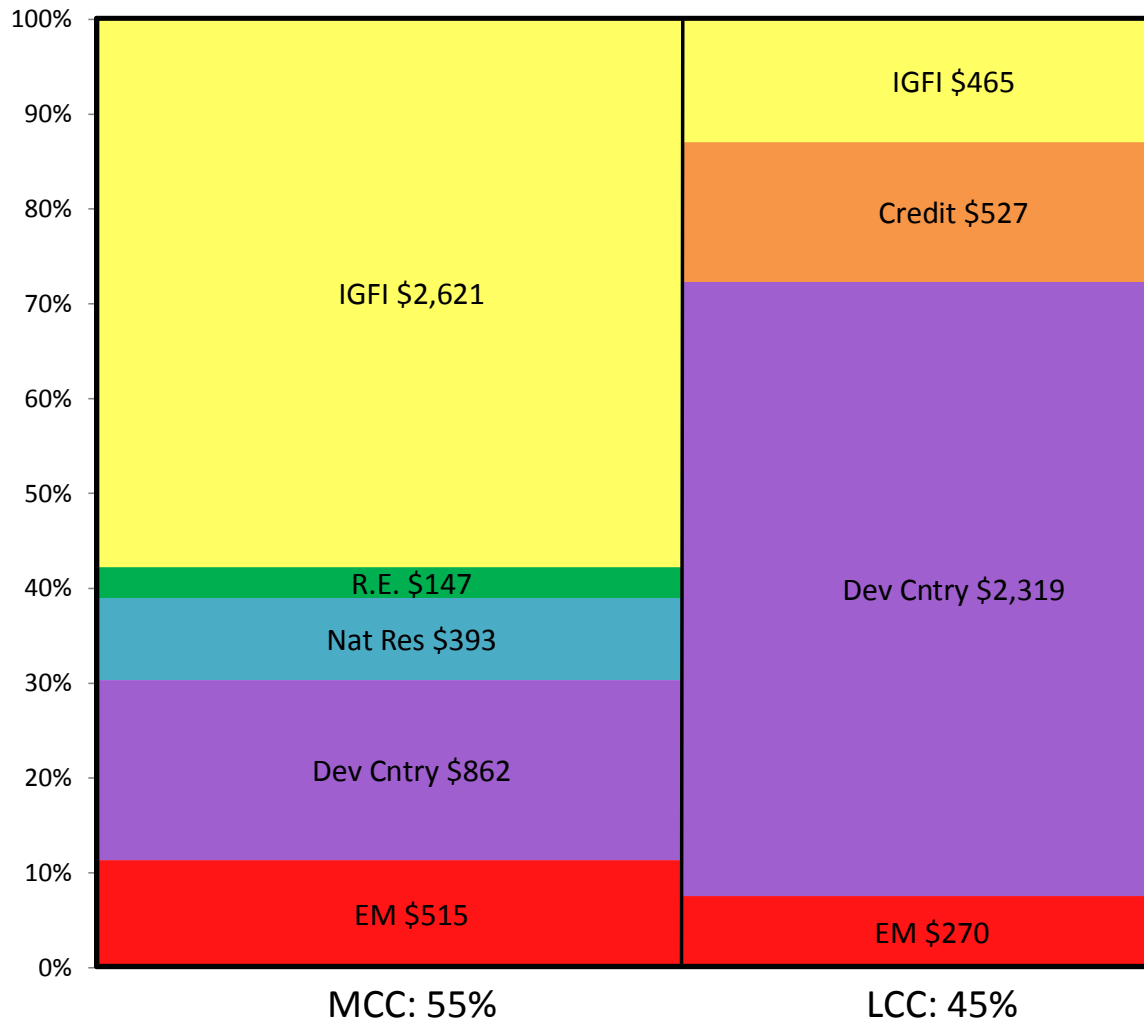


	Fiscal YTD Six Months Ended	One Year	Three Years	Five Years	Seven Years	Ten Years
ITF						
Actual Returns	2.58%	10.65%	1.96%	3.76%	5.01%	3.76%
Policy Portfolio Returns	1.10%	8.47%	1.05%	2.28%	3.38%	1.72%
Actual vs. Policy	1.48%	2.18%	0.91%	1.48%	1.64%	2.04%
CPI + 3%	2.65%	5.82%	4.27%	4.40%	4.73%	4.87%
Actual vs. CPI + 3%	-0.07%	4.83%	-2.31%	-0.64%	0.28%	-1.11%
Cash	0.29%	0.46%	0.21%	0.17%	0.18%	0.91%
Actual vs. Cash	2.29%	10.19%	1.75%	3.59%	4.83%	2.85%
Sharpe Ratio		2.63	0.38	0.77	0.83	0.37
Information Ratio		2.01	0.72	1.17	1.14	1.31

ITF



ITF NAV: \$8,119M



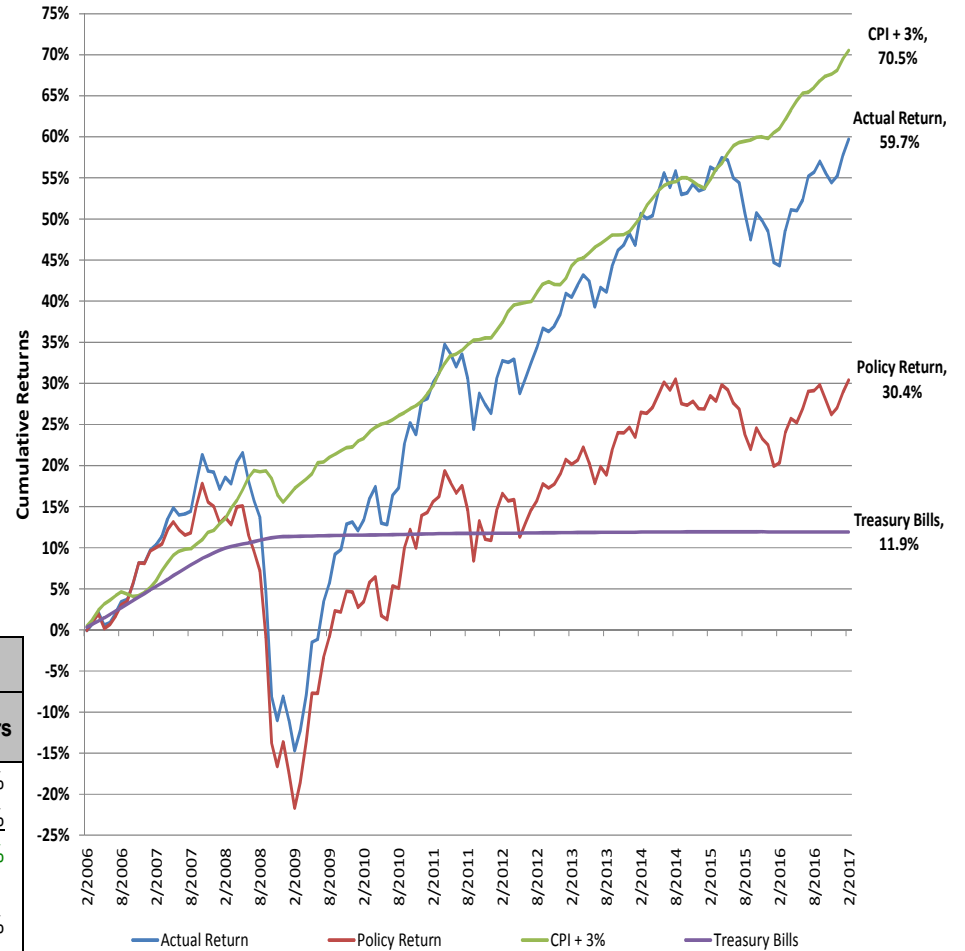
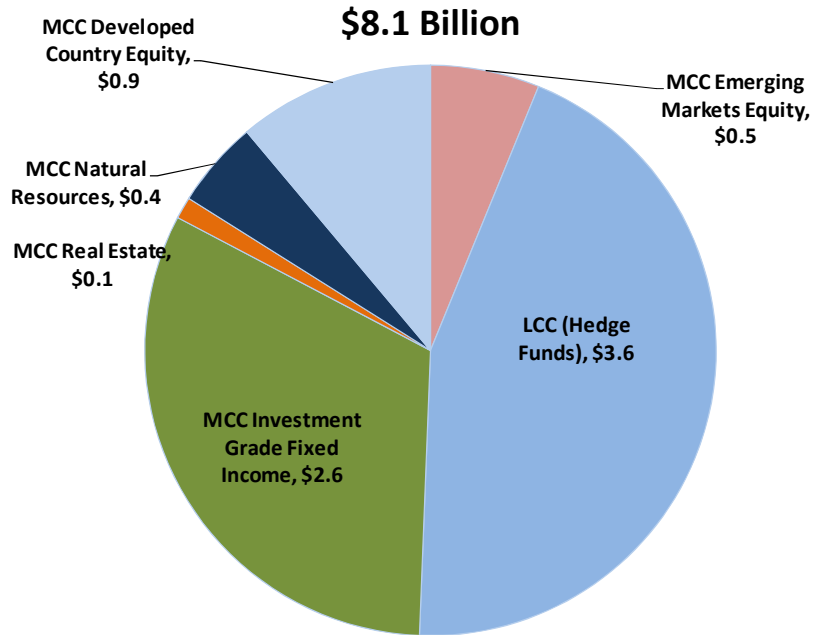
Downside Volatility (trailing three years)	
Actual	% of Policy
4.83%	101.3%

Liquidity	
Three months	One Year
59.2%	89.2%

Insurance Hedges NAV	
CMS Caps	-
JPY FX rate	-

ITF

As of February 28, 2017



Investment Returns						
	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years
Actual Return	2.6%	10.6%	2.0%	3.8%	5.0%	3.8%
Benchmark Return	<u>1.5%</u>	<u>8.4%</u>	<u>0.9%</u>	<u>1.5%</u>	<u>1.6%</u>	<u>2.1%</u>
Value Add	1.1%	2.2%	1.1%	2.3%	3.4%	1.7%
Actual Standard Deviation		3.9%	4.7%	4.7%	5.9%	8.3%
Sharpe Ratio		2.6	0.4	0.8	0.8	0.4
Information Ratio		2.0	0.7	1.2	1.1	1.3

Statistics for periods longer than a year are annualized

ITF Returns and Ratios

Periods Ending February 28, 2017



Periods as of February 28, 2017

ITF	Net Asset Value (in millions)	ITF Returns										1 year			3 year			5 year			10 year		
		6 month	vs. Bench	1 year	vs. Bench	3 year	vs. Bench	5 year	vs. Bench	10 year	vs. Bench	Standard Deviation	Sharpe Ratio	Info Ratio	Standard Deviation	Sharpe Ratio	Info Ratio	Standard Deviation	Sharpe Ratio	Info Ratio	Standard Deviation	Sharpe Ratio	Info Ratio
More Correlated and Constrained																							
Fixed Income																							
Investment Grade	\$ 2,621	-3.35%	1.71%	2.53%	1.94%	0.41%	0.88%	1.05%	0.84%	3.82%	0.82%	7.16%	0.49	0.93	4.92%	0.12	0.49	4.41%	0.21	0.55	5.64%	0.58	0.44
Real Assets																							
Real Estate	147	-1.22%	1.88%	13.74%	1.50%	1.93%	-3.93%	5.75%	-2.14%	0.48%	0.02%	11.58%	0.79	(0.07)	11.82%	0.25	(0.93)	12.02%	0.54	(0.52)	21.88%	0.08	0.04
Natural Resources ex Gold	197	13.92%	-8.98%	48.28%	25.38%	-9.71%	-0.28%	-6.50%	-0.12%	-1.14%	1.16%	18.12%	2.53	2.41	21.59%	(0.24)	(0.07)	18.41%	(0.22)	(0.06)	21.78%	0.05	0.16
Equity																							
Developed Markets	863	10.20%	2.43%	23.56%	2.30%	6.85%	1.66%	12.54%	3.13%	6.59%	2.57%	8.85%	1.90	0.25	10.91%	0.69	0.34	10.35%	1.21	0.69	15.16%	0.43	0.55
Emerging Markets	515	7.52%	2.01%	29.38%	-0.08%	6.94%	5.59%	4.37%	4.74%	3.67%	0.81%	11.20%	2.00	(0.20)	13.24%	0.53	0.75	13.38%	0.43	0.90	21.71%	0.22	0.06
MCC subtotal	4,342	1.48%	2.00%	12.13%	2.55%	1.59%	1.06%	2.91%	1.19%	N/A	N/A	6.75%	1.63	1.46	6.41%	0.32	0.30	6.14%	0.50	0.39	N/A	N/A	N/A
Less Correlated and Constrained																							
Fixed Income																							
Investment Grade	465	11.60%	8.53%	11.45%	4.47%	3.03%	1.54%	2.81%	-0.17%	N/A	N/A	8.94%	0.66	0.18	8.23%	0.41	0.23	6.97%	0.40	(0.03)	N/A	N/A	N/A
Credit Related	527	7.92%	4.85%	16.65%	9.68%	3.97%	2.48%	7.88%	4.90%	N/A	N/A	2.28%	6.31	5.49	4.37%	0.99	0.82	4.04%	1.92	1.60	N/A	N/A	N/A
Equity																							
Developed Markets	2,319	2.46%	-0.62%	7.21%	0.23%	1.68%	0.19%	6.66%	3.68%	N/A	N/A	4.24%	0.78	(0.44)	5.48%	0.40	0.19	5.25%	1.28	1.39	N/A	N/A	N/A
Emerging Markets	270	3.10%	0.02%	11.10%	4.12%	8.46%	6.97%	5.53%	2.54%	N/A	N/A	5.87%	1.16	0.46	6.72%	1.21	1.13	5.84%	0.92	0.45	N/A	N/A	N/A
LCC subtotal	3,581	4.19%	1.11%	9.36%	2.38%	2.54%	1.04%	6.27%	3.28%	5.44%	5.27%	3.46%	1.61	0.75	4.79%	0.61	0.67	4.48%	1.40	1.73	6.21%	0.76	2.20
Total Before Insurance, Tactical, Hedging Derivatives and Gold	7,923	2.72%	1.62%	10.84%	2.37%	2.07%	1.02%	4.28%	2.00%	4.00%	2.28%	3.83%	2.19	0.90	4.81%	0.51	0.73	4.73%	0.92	1.42	8.25%	0.42	1.44
Insurance, Tactical and Hedging Derivatives Impact on Total Return	-	0.01%	0.01%	0.02%	0.02%	0.01%	0.01%	-0.10%	-0.10%	-0.12%	-0.12%												
Gold Impact on Total Return	196	-0.15%	-0.15%	-0.21%	-0.21%	-0.11%	-0.11%	-0.42%	-0.42%	-0.11%	-0.11%												
Grand Total	\$ 8,119	2.58%	1.48%	10.65%	2.18%	1.96%	0.91%	3.76%	1.48%	3.76%	2.04%	3.86%	2.63	2.01	4.79%	0.38	0.72	4.68%	0.77	1.17	8.23%	0.37	1.31



Contract Update

Contract Update



January 21, 2017 through March 31, 2017
New Contracts, Leases, and Other Commercial Arrangements
(Total Obligation per Agreement greater than \$100,000)

Agreement	Purpose	Contract Term	Annual Amount
Page Sutherland Page	Perform architectural services for the office move	Completion of services	Hourly/Not to Exceed \$175,000

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: Draft Policy Portfolio Discussion

Developed By: Staff

Presented By: Warner, Yoeli, Investment Staff

Type of Item: Information Item

Description: Mr. Warner, Dr. Yoeli and Investment Staff will lead a discussion related to Staff's development of the Draft FY 2018 Policy Portfolio.

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: Update on Legislative Session

Developed By: Staff

Presented By: McBee

Type of Item: Information Item

Description: Barry McBee, Vice Chancellor and Chief Governmental Relations Officer for UT System, will update the UTIMCO Board on issues and potential legislation of interest to UTIMCO. The 85th Regular Legislative Session started on January 10th and ends May 29, 2017.

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: FY 2017 Liquidity Review

Developed By: Staff

Presented By: Warner, Yoeli

Type of Item: Information Item

Description: Mr. Warner and Dr. Yoeli will lead a discussion related to Endowment portfolio liquidity.

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: Portfolio Fee Analysis

Developed By: Staff

Presented By: Warner, Investment Staff

Type of Item: Information Item

Description: Mr. Warner and Investment Staff will lead a discussion related to analysis of fees.

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: Report from Policy Committee: Discussion and Appropriate Action Related to the Amendments to the Articles of Incorporation and Bylaws of The University of Texas Investment Management Company Related to the Legal Name of the Corporation

Developed By: Staff

Presented By: Hicks, Warner

Type of Item: Action item; Action required by UTIMCO Board and by the UT System Board of Regents

Description: The Policy Committee (the “Committee”) will meet on April 13, 2017. The Committee’s agenda includes (1) discussion and appropriate action related to minutes; and (2) discussion and appropriate action related to amendments to the Articles of Incorporation and Bylaws of The University of Texas Investment Management Company related to the legal name of the Corporation.

Discussion: Director Hicks and Mr. Warner will discuss with the Board the proposed changes to UTIMCO’s Articles of Incorporation and Bylaws.

Recommendation: The Policy Committee will recommend appropriate action related to the Articles of Incorporation and Bylaws.

Reference: None

**RESOLUTION RELATED TO AMENDMENTS OF
ARTICLES OF INCORPORATION AND BYLAWS**

RESOLVED, that the Corporation's Articles of Incorporation be amended by the Certificate of Amendment attached hereto as Exhibit A, the provisions of which shall be deemed to be incorporated into this resolution by this reference, subject to approval by the Board of Regents of The University of Texas System; and further

RESOLVED, that amendments to the Bylaws of the Corporation as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System; and further

RESOLVED, that the CEO and Chief Investment Officer, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, in the name and on behalf of the Corporation, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolution, and to comply with all applicable state and federal securities laws; and further

RESOLVED, that all actions heretofore taken in good faith by the officers and directors of the Corporation and all other matters contemplated by the foregoing resolution are hereby approved, adopted, ratified and confirmed, and shall be conclusively deemed to be such corporate act and deed for all purposes.

EXHIBIT A
CERTIFICATE OF AMENDMENT
OF
THE UNIVERSITY OF TEXAS INVESTMENT
MANAGEMENT COMPANY

Entity Information

The name of the filing entity is The University of Texas Investment Management Company (the “**Corporation**”).

The Corporation is a nonprofit corporation. The file number issued to the Corporation by the secretary of state is 137779501. The Corporation was formed in November 15, 1995.

Amendment
Amended Name

The amendment changes the certificate of formation to change the article that names the Corporation. The article is amended to read as follows:

The name of the corporation is The University of Texas/Texas A&M Investment Management Company (the “Corporation”).

Statement of Approval

The amendments to the certificate of formation have been approved in the manner required by the Texas Business Organizations Code and by the governing documents of the entity.

Effectiveness of Filing

This document becomes effective when the document is filed by the secretary of state.

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Date: _____

By: _____

Name: _____

Title: _____

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: Report from Audit and Ethics Committee

Developed By: Staff

Presented By: Beck

Type of Item: Information item

Description: The Audit and Ethics Committee (the “Committee”) will meet on April 13, 2017. The Committee’s agenda includes (1) discussion and appropriate action related to the Committee minutes; (2) an update on compliance, reporting, and audit issues; and (3) a presentation of the unaudited financial statements for the six months ended February 28, 2017 for the Investment Funds and the Corporation.

Discussion: The Committee will review the unaudited financial statements for the second quarter for the Funds and UTIMCO Corporation and the quarterly compliance reports.

Recommendation: None

Reference: Quarterly Compliance Reports

**The University of Texas Investment Management Company
Institutional Compliance Program Report
for the Quarter Ended February 28, 2017**

Section I – Organizational Matters

- One meeting of the Ethics and Compliance Committee was held during the quarter: January 6, 2017.
- Kurt Cressotti, Compliance Specialist, resigned effective February 24, 2017.

Section II - Risk Assessment, Monitoring Activities and Specialized Training (Performed by Responsible Party)

High-Risk Area #1: Investment Due Diligence

Responsible Party: Managing Director – LCC; Managing Director - MCC, Technology and Deal Legal; Senior Managing Director - Natural Resources, Emerging Markets & Lower/Middle Markets; Managing Director - Fixed Income; Senior Director –Real Estate.

Key “A” risk(s) identified:

- *Organization could fail to adequately conduct due diligence on prospective managers.*
- *Organization could fail to adequately conduct continual review and evaluation of external managers hired to manage UT System investment funds.*

Key Monitoring Activities:

MCC - Public Markets: The MCC-Public Markets group participated in 54 meetings/calls with potential managers. No serious due diligence was initiated. No new mandates were completed. Ongoing review of active external managers included 50 meetings/calls. Additional efforts included monthly performance tracking, reviews and analyses by the team and participation in two annual meetings.

MCC - Fixed Income: The MCC-Fixed Income group participated in one meeting/call with a potential manager. Ongoing review of active external managers included two meetings/calls. No serious due diligence was initiated on any mandates. No new mandates were completed. Additional efforts included one call with a broker.

Less Correlated and Constrained: The Less Correlated and Constrained group participated in 26 meetings/calls with potential managers. No serious due diligence was initiated. No new mandates were completed. Ongoing review of active external managers was conducted in the form of 56 meetings/calls/site visits. Additional efforts included monthly performance tracking, reviews and analyses by the team.

Private Credit: The Private Credit group participated in 15 meetings/calls with potential managers. No serious due diligence was initiated. No new mandates were completed. Ongoing review of active external managers included 13 meetings/calls.

Private Equity: The Private Equity group participated in 35 meetings/calls with potential managers. Serious due diligence was not initiated on any mandates. One new mandate was completed and there was an addition to one existing mandate. Ongoing review of active external managers included 25 meetings/calls. Additional efforts included participation in two annual meetings.

Healthcare: The Healthcare group participated in nine meetings/calls with potential managers. Serious due diligence was initiated on one mandate. Two new mandates were completed. Ongoing review of active external managers included 12 meetings/calls.

Technology: The Technology group participated in 36 meetings/calls with potential managers. Serious due diligence was initiated on two new mandates. One new mandate was completed. Ongoing review of active external managers included 20 meetings/calls. Additional efforts included participation in one annual meeting.

Natural Resources: The Natural Resources group participated in 84 meetings/calls with potential managers. Serious due diligence was not initiated on any new mandates. One new mandate was completed. Ongoing review of active external managers included 152 meetings/calls. Additional efforts included participation in two annual meetings.

Emerging Markets: The Emerging Markets group participated in 136 meetings/calls with potential managers. Serious due diligence was initiated on two new mandates. One new mandate was completed. Ongoing review of active external managers included 44 meetings/calls. Additional efforts included participation in one annual meeting.

Real Estate: The Real Estate group participated in 58 meetings/calls with potential managers. Serious due diligence was not initiated on any mandates. One new mandate was completed and there was an addition to one existing mandate. Ongoing review of active external managers included 48 meetings/calls. Additional efforts included participation in two annual meetings and one semi-annual portfolio review.

Specialized Training: Staff attended 31 industry-related conferences/functions.

High-Risk Area #2: Investment Risk Management

Responsible Party: Managing Director - Risk Management

Key “A” risk(s) identified:

- *Organization could fail to accurately perform its assessment of risk due to data and investment instrument modeling error.*
- *Organization could fail to respond to risk levels (manage risk budget).*

Key Monitoring Activities:

- During the quarter, Risk Team reconciled accounting records’ market value with market values modeled by IFS; reconciled month end values from IFS to accounting records and identified reasons for all discrepancies. Risk Team compared each month’s downside volatility with both prior month results and with market activity to determine consistency, and identified reasons for all changes; prepared monthly charts and reports, as well as analysis of managers’ portfolio-level risks and performance.
- Risk Team and Senior Management continue to review the relatively high levels of several risks (notably, downside volatility and illiquidity) and discuss the steps required to maintain these risks at their desired levels.
- Risk Team participated in one due diligence call.
- Risk Team continued to monitor sources and uses of cash and the sources and uses of illiquid capital. Risk Team continued to enhance our processes given that the Endowments are having more Private Investments and hence becoming more illiquid. The commitment model was

updated with the most recent data. Risk team is researching ways to further improve the accuracy of the forecasts of the commitment model and the forecasts of the overall illiquidity of the Endowments.

- Risk Team studied different frameworks for establishing a better asset allocation, and is heavily involved in the FY2018 Policy Portfolio process.
- Risk Team continued to develop a system and processes by which the accuracy and integrity of the underlying data for Private Investments can be verified, thereby resulting in a system which the Staff trusts and uses.
- Risk Team continued to monitor the current macro environment. Risk Team continued to review future scenarios with high risk, and is working with the Portfolio Positioning Task Force to better understand the impact of each such scenario, and to address such scenarios.
- All internal derivatives were reviewed and analyzed in detail prior to initiation.
- Derivative positions, when present, are monitored on a daily basis. External managers that may use derivatives are monitored daily for spikes in returns or in volatility. Effects of derivatives on the overall portfolio are monitored monthly. Fixed income duration and tracking error is being monitored on an ongoing basis. Managers' use of margin and leverage is monitored on an ongoing basis. Risk Team confirmed each month downside volatility and VaR calculations.
- Risk Team prepared projections on portfolio downside volatility utilization, country exposure, liquidity, and asset allocations; updated projections on a weekly basis.

Specialized Training: Participated in two conferences during the quarter.

High-Risk Area #3: Information Technology & Security

Responsible Party: Chief Technology Officer

Key "A" risk(s) identified:

- *Organization could fail to adequately secure networks and data to prevent abuse, destruction, and/or theft.*
- *Organization could fail to manage computer software and hardware resulting in internal and external users unable to perform necessary job duties.*

Key Monitoring Activities:

- New employee/intern security training completed.
- Several alerts were sent to staff covering topics such as viruses, malware, phishing scams, securely sending credit card and social security numbers and updates for mobile devices.
- Compliance checks for nightly shutdown/logout. Violations noted and violators notified as necessary.
- Random checks for confidential data storage continue and CISO continues to work with development staff to limit access to source code and follow secure coding practices.
- Random checks for software compliance were completed. Continuing to monitor and address policy violations for unauthorized software, sharing of credentials, and use of network resources.
- Continued refinement of Splunk for infrastructure monitoring and alerting, began upgrade to Splunk server.
- Completed Dynamo security review and implementation of single-sign on for Dynamo.

- Construction of new building space continues, addressed security, infrastructure, and safety concerns.
- Monitoring and blocking of unencrypted electronic transmissions of social security numbers and credit card numbers is ongoing. Three violations for emailing SSN/CCN information. Violations are reported to the CCO and staff is reminded to transmit via encrypted means.
- Two violations for not completing a software/service security & legal review were identified. In one case, an alternate tool was recommended and used. In the other case the software removed and usage ceased.
- Eleven (11) violations for not maintaining updated mobile devices were identified. Users were alerted to update their devices. Compliance was eventually achieved after multiple reminders.
- Received one alert from an external manager operating under an agency agreement relating to an inadvertent disclosure of data from the UTIMCO separately managed account by an entity providing certain back-office services to the external manager. External manager obtained confirmation from the party to whom the data was disclosed that the data had been destroyed. The entity performing the back-office services for the external manager is taking steps to prevent recurrence of such an incident. CISO worked with the investment team to identify potential risk of this disclosure and mitigating steps to take.
- One violation for using an unapproved cloud service to store confidential UTIMCO source code including SQL server table names, field names, and other related information. Worked with developer to remove this code immediately and again advised that any use of cloud services or software must be pre-approved.
- Completed contract/license review for Shoretel Support Agreement renewal. Avoiding potential fraud from a “new” vendor.
- Currently working with Investment team on Caissa review.
- Launched three phishing campaigns against UTIMCO users, no victims.

Specialized Training: CISO attended teleconference UT Security meetings and on-site CISO Council and InfoSec meetings. Met with Dell computer, Microsoft, Sequel Data Systems, M&S Technologies, APC, and Dynamo review new technologies, security standards, and security.

High-Risk Area #4: Investment Compliance

Responsible Party: Manager - Portfolio Accounting and Operations and Chief Compliance Officer

Key “A” risk(s) identified:

- *Organization could fail to comply with investment policies, applicable laws and regulations, and other policies.*
- *Organization could fail to detect non-compliance with applicable policies, etc.*

Key Monitoring Activities:

- Verified that investments are in compliance with rules and guidelines in policies, rules and regulations utilizing custodian’s software and in-house developed databases and reports.
- Thirty-one (31) annual compliance statements were sent to external managers. All have been returned with no non-compliance issues noted.
- Review of monthly and quarterly investment compliance reports prepared by Staff continues.
- All mandates submitted to the Chief Compliance Officer were reviewed and categorized pursuant to asset class and investment type in accordance with the Mandate Categorization Procedure and approved by the UTIMCO Risk Committee.

- Continued participation by the Portfolio Accounting and Operations staff in prospective and active external manager investment due diligence.
- Updated Derivative Investment Controls and Processes were finalized in November and are being followed.

Specialized Training: None

High-Risk Area #5: Conflicts of Interest

Responsible Party: Chief Compliance Officer

Key “A” risk(s) identified:

- *Organization could fail to comply with conflicts of interest provisions in Code of Ethics and Texas Education Code section 66.08.*

Key Monitoring Activities:

- All Certificates of Compliance were received timely from all Directors and Key Employees for all investment managers hired and funded. Certificates were reviewed for completeness; no conflicts of interests were noted, i.e. no pecuniary interests were identified.
- Eight employees and six interns were hired during the quarter. All employee financial disclosure statements and ethics compliance statements due were received before the required due dates.
- Three ethics and compliance training sessions were held for new hires. New hires received training within a reasonable time after hire.
- All new hire compliance statements were received by the due date.
- Effective April 1, 2013, a new procedure regarding the periodic review of public resources for comparison with financial disclosure statement information provided by Directors and Key Employees was adopted, which requires review of these statements within 90 days after the deadline for filing the statements. No review was required during the quarter.
- List of publicly traded securities of all publicly traded companies in which a Director or employee has a pecuniary interest (the “restricted list”) was maintained. Internal managers and external managers operating under agency agreements are provided the restricted list in order to prevent the violation of UTIMCO Code of Ethics and *Texas Education Code* Section 66.08. No new securities were added to or removed from the list. No new managers operating under an agency agreement were hired during the quarter. Consequently, the restricted list was not required to be sent to any managers operating under an agency agreement during the quarter.
- On a daily basis, the Compliance Specialist reviewed security holdings of internal and external managers operating under agency agreements for compliance with the restricted list. No exceptions were noted.
- Of the 42 employee securities transactions during the quarter, seven required preclearance. One security transaction was not precleared as required. No reporting to CEO was required.
- CEO approval was given to two employees for outside employment.
- Beginning with the fourth quarter 2015, the Finance and Administration travel review process was modified to require testing of a sample of expense reports only and no longer provide a review of all reimbursement requests. As a result, compliance reporting is now limited to information obtained from the sample tested during the quarter. Of the nine expense reports tested during the quarter, two included third party paid expenses that were preapproved as required. No expense report tested included a sponsored entertainment event. There were four

sponsored entertainment events that did not include travel that required approval from the CEO, CCO, or UTIMCO Chairman. Approval was obtained as required.

Specialized Training: None

Section III – Monitoring and Assurance Activities (Performed by Compliance Office)

High-Risk Area #1: Investment Due Diligence

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO reviewed results of quarterly due diligence monitoring plans for each Investment group. Ongoing due diligence efforts on multiple managers continue. The CCO participated in the bi-weekly Investment Committee meetings and semi-annual portfolio reviews.

Significant Findings: None.

High-Risk Area #2: Investment Risk Management

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO continues to review documentation maintained by the Risk Team evidencing risk monitoring performed by the Risk Team.

Significant Findings: None

High-Risk Area #3: Information Technology & Security

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO continues to meet with CISO regarding information technology and security practices.

Significant Findings: None

High-Risk Area #4: Investment Compliance

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO is performing monthly review and sign-off of manager compliance reports to determine that policy requirements have been maintained based on the activity performed by staff. CCO reviewed the documentation and workpapers supporting the various compliance reports prepared by the Responsible Parties.

Significant Findings: None

High-Risk Area #5: Conflicts of Interest

Assessment of Control Structure: *Well controlled*

Assurance Activities Conducted: CCO and or CCO designee reviewed the completed sign-offs for completeness for all certificates of compliance received. Monitoring for potential conflicts of interest in the areas of personal securities transactions, outside employment and business activities, and manager/third party-paid travel, entertainment and gifts is ongoing.

Significant Findings: None

Section IV – General Compliance Training Activities

Three training sessions for new hires were held during the quarter.

Section V – Action Plan Activities

See updated Institutional Compliance Action Plan Fiscal Year 2017.

Section VI – Confidential Reporting

UTIMCO maintains a Compliance Hotline to receive and process complaints. UTIMCO has contracted with an outside vendor to provide the service. The chart below summarizes the calls received during the **FISCAL YEAR:**

Type	FYTD Number	% of Total
Employee Relations	0	0.00%
Policy Issues	0	0.00%
Hang ups or wrong numbers	12	0.00%
Total	12	0.00%

All calls are accepted by the hotline and reported to the UTIMCO Compliance Office. All reports are handled by a 5-person team comprised of the Corporate Counsel and Chief Compliance Officer, the Compliance Specialist, the Manager – Human Resources, the Executive Assistant to the CEO and Chief Investment Officer, and David Givens from The University of Texas Systemwide Compliance Office.

**The University of Texas Investment Management Company
Institutional Compliance Action Plan
Fiscal Year 2017**

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
<i>A. RISK ASSESSMENT</i>			
1.	Perform detailed review of Enterprise Risk Management Framework; update risk assessments, including mapping of controls; prepare new/updated monitoring plans for high risk areas and update Fraud Program as needed	08/31/17; target completion date changed to 12/31/2017	<i>No activity</i>
<i>B. MONITORING ACTIVITIES / ASSURANCE</i>			
2.	Continual enhancement of compliance monitoring and reporting	On-going	<i>On-going</i>
3.	Periodic review of Responsible Party Monitoring Plan documentation for high risk areas A	On-going	<i>1st and 2nd qtr FY 17 reviewed</i>
<i>C. COMPLIANCE TRAINING / AWARENESS</i>			
4.	Provide Code of Ethics training and information to improve staff awareness of compliance program	04/30/17	<i>Q1 - Two training sessions for new hires were held on 09/14/16 and 10/24/16; Q2 - Three training sessions for new hires were held on 01/11/16, 01/30/16, and 02/02/16</i>
5.	Identify and network with similarly situated compliance professionals	On-going	<i>On-going; attended ACC annual meeting 10/16/16, Austin Compliance Roundtable on 11/09/16, Council of Public Funds Compliance Officers Roundtable on 11/29/16 and 02/28/17</i>
<i>D. REPORTING</i>			
6.	Conduct quarterly meetings with the internal ethics and compliance committee	On-going	<i>4th qtr FY 16 meeting held on 10/04/16; 1st qtr FY 17 meeting was held on 01/06/17</i>
7.	Provide quarterly/annual reports to the Audit and Ethics Committee and System-wide compliance office	On-going	<i>Annual report presented to the Audit & Ethics Committee on 11/17/16; Annual report provided to Systemwide Compliance Office on 11/23/16; 1st quarter</i>

Updated 03/29/17

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
			<i>report presented to Audit & Ethics Committee on 01/31/17 and provided to Systemwide Compliance Office on 03/25/17</i>
<i>E. OTHER / GENERAL COMPLIANCE</i>			
8.	Finalize draft of compilation of all laws and regulations and to the extent necessary, modify compliance processes and reporting	02/28/17; target completion date changed to 08/31/17	<i>On-going</i>
9.	Review and update Business Continuity Plan as necessary	05/31/17	<i>No activity</i>
10.	Research and implement new/additional compliance program best practices, if needed	08/31/17	<i>On-going</i>
11.	Supervise and manage work of Compliance Specialist	08/31/17	<i>On-going</i>
12.	UT Systemwide Compliance Office activities participation: annual compliance officers' forum and other activities	On-going	<i>02/21/17 meeting with new Systemwide Compliance Office Executive Director/Deputy Compliance Officer</i>
13.	Hotline reporting	On-going	<i>FY 17 to date – 12 Hang-ups/wrong numbers</i>

Updated 03/29/17

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: Report from Risk Committee

Developed By: Staff

Presented By: Bass

Type of Item: Information item

Description: The Risk Committee (“Committee”) will meet on April 19, 2017. The Committee’s agenda includes (1) discussion and appropriate action related to minutes; (2) discussion and appropriate action related to categorization of investment mandates; (3) review and discussion of compliance reporting; and (4) review and discussion of performance and risk reporting.

Discussion The Committee will review and take appropriate action related to the nine (9) mandate categorizations prepared by Staff for the period beginning January 21, 2017, and ending March 31, 2017. Staff continues to monitor four mandates. The Committee will report to the UTIMCO Board the results of its review of the Investment Mandate Categorizations.

The Committee will also review the quarterly compliance reporting and the performance and risk reporting.

Recommendation: None

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: Discussion and Appropriate Action Related to Employee's Service as a Director on an UTIMCO Investee Company

Developed By: Gonzalez, Moeller

Presented By: Warner

Type of Item: Action required by UTIMCO Board (the Board)

Description: Mr. Warner is recommending that Patrick Pace, M.D., Senior Director – Healthcare and Lower/Middle Markets, replace Spencer Swayze, former Director - Natural Resources Investments, to serve as a Series B Manager of the Board of Managers for Agbiome, LLC. UTIMCO has made a co-investment in AgBiome, LLC. In accordance with the UTIMCO Code of Ethics, an employee, with the prior approval of the Board, may serve as a director of a company in which UTIMCO has directly invested its assets. The Board's approval must be conditioned on the extension of UTIMCO's Directors and Officers Insurance Policy coverage to the Employee's service as director of the investee company. All compensation paid to an Employee for service as director of an investee company shall be endorsed to UTIMCO and applied against UTIMCO's fees.

Mr. Swayze terminated employment with the UTIMCO in February and consequently his term on the Board of Managers ended March 31, 2017. Upon approval by this Board, Dr. Pace's term will begin on May 1, 2017, through the later of April 30, 2018, or until his successor has been elected. It is expected that Dr. Pace will not be appointed for more than one term. UTIMCO's Directors and Officers Insurance Policy coverage has been extended to cover Dr. Pace's service as a director. There is no compensation associated with this position.

Recommendation: Mr. Warner will recommend approval of Patrick Pace's service as a Series B Manager of the Board of Managers for Agbiome, LLC.

Reference: None

**RESOLUTION RELATED TO EMPLOYEE'S SERVICE AS A DIRECTOR
ON AN UTIMCO INVESTEE COMPANY**

RESOLVED, that the Board of Directors hereby approves Patrick Pace's service as a Series B Manager of the Board of Managers for Agbiome, LLC.

FURTHER RESOLVED, that this board service on an UTIMCO investee company will meet all requirements of the Code of Ethics for the Corporation applicable to board service on an UTIMCO investee company.

Agenda Item
UTIMCO Board of Directors Meeting
April 20, 2017

Agenda Item: UTIMCO Organization Update

Developed By: Staff

Presented By: Warner

Type of Item: Information Item

Description: Mark Warner will provide an update on UTIMCO's staffing, second quarter fiscal year 2017 actual to budget expenses, and building update. The Delegation of Authority Policy grants authority to the CEO to add non-budgeted personnel as necessary, subject to review in the following budget cycle, provided that the addition of any non-budgeted personnel shall be promptly reported to the UTIMCO Board. Two non-budgeted personnel were hired during the second quarter: Ross Crutchfield was hired as an Analyst for the Healthcare/Lower Middle Markets team as an intern converting to a full-time employee in May. Kaylea Babel moved from Investment Team Coordinator for the Real Estate Team to Document Specialist with the Information Technology Team. Neither position was included in the FY 2017 personnel budget.

Reference: *UTIMCO Organization Update* presentation



The University of Texas Investment Management Company

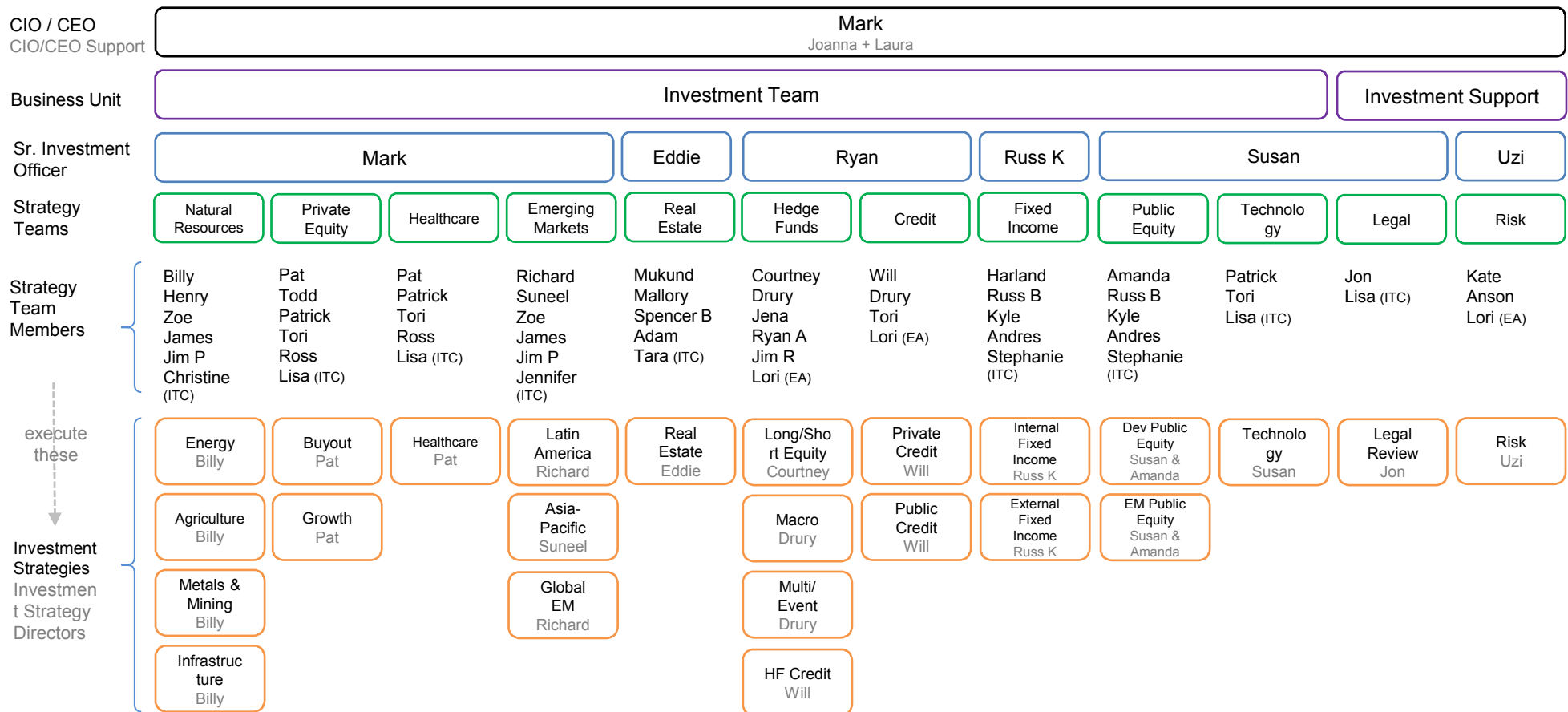
UTIMCO ORGANIZATION UPDATE April 20, 2017

UTIMCO UPDATE

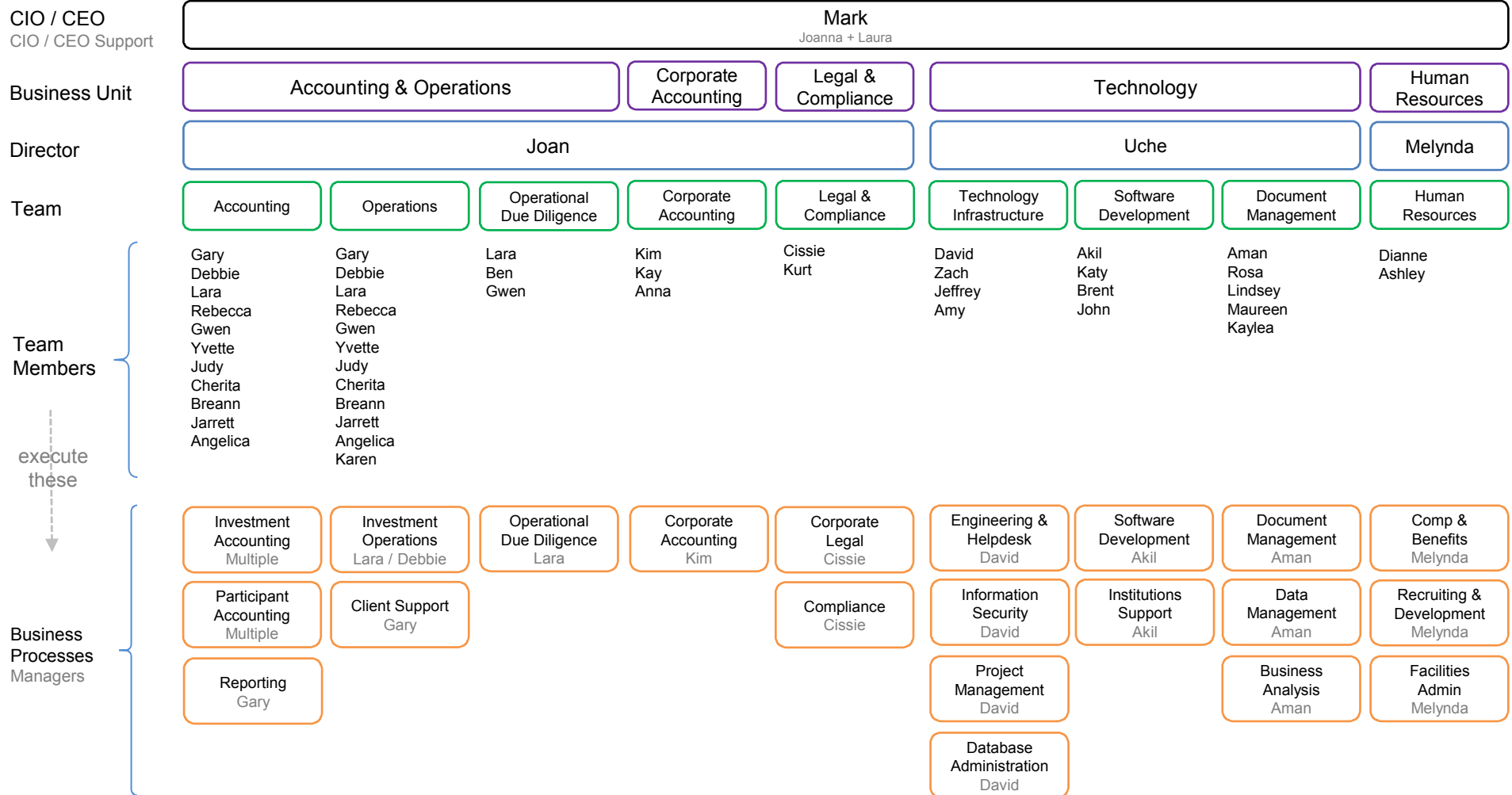


- Staffing
- Budget vs Actual
- Building Update

INVESTMENT TEAM



SUPPORT TEAM



BUDGET VS. ACTUAL



UTIMCO Expenses (\$ in thousands)	2Q FY 17		Favorable / (Unfavorable)
	Actual	Budget	
Salaries & Benefits	\$6,737	\$7,637	\$900
Legal	978	966	(12)
Travel	321	503	182
Depreciation	1,284	585	(699)
Other Expenses	2,090	1,954	(136)
Subtotal	11,410	11,645	235
Incentive Compensation	5,741	4,503	(1,238)
Total UTIMCO	\$17,151	\$16,148	(\$1,003)
Non-UTIMCO, Non-Investment Management Expenses	\$3,678	\$4,373	\$695

BUILDING UPDATE



Summary of Project Timeline & Status

Construction

- Buildout budget approved at November 2016 Board meeting
- Construction documents finalized April 12th
 - Bidding solicitation / vendor award / final decision phase April 13th – July 10th
 - Construction July 11, 2017 – January 8, 2018

Lease

- First draft received from UT System & in legal review

Furniture, Equipment & Technology

- Furniture, fixtures, equipment & technology project underway
- Capital expenditure budget related to new furniture, equipment and technology items will be presented for approval at July 2017 Board meeting

Move Dates

- February 17-19, 2018